



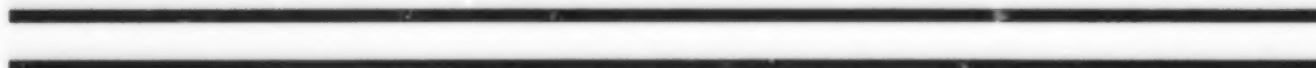
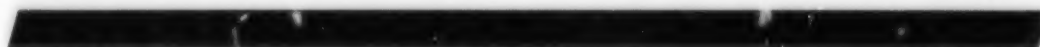
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FBIS-USR-93-158

17 December 1993



# ***CENTRAL EURASIA***



# FBIS Report: Central Eurasia

FBIS-USR-93-158

## CONTENTS

17 December 1993

### COMMONWEALTH AFFAIRS

CIS Countries', RF Regions' Economy for August-November 93 [KOMMERSANT No 46, 22 Nov] .....	1
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### INTERSTATE AFFAIRS

Use of Foreign Economic Policy To Stem Russian Immigration Urged [SEGODNYA 13 Nov] .....	18
Russian Peacemaking Efforts in Tajikistan Viewed as 'Failure' [NEZAVISIMAYA GAZETA 20 Nov] .....	19

### UKRAINE

#### POLITICAL AFFAIRS

Election Law Outcome Deplored [NEZAVISIMOST 19 Nov] .....	21
Opposing Views on Election Law Given [PRAVDA UKRAINY 23 Nov] .....	22
Bukovina Polled on Political Attitudes [GOLOS UKRAINY 25 Nov] .....	24
Plyushch Sums Up Results of Czech Visit [GOLOS UKRAINY 25 Nov] .....	25
Insufficient Airing of START Issues Seen [NEZAVISIMOST 24 Nov] .....	26
Durdynets on Denuclearization Process [GOLOS UKRAINY 24 Nov] .....	27

#### ECONOMIC AFFAIRS

Decree on Urgent Measures for Development of Air Transportation by Business-Class Aircraft [URYADOVYY KURYER 14 Oct] .....	29
Budget Criticized as Unrealistic [NEZAVISIMOST 17 Nov] .....	30

# CIS Countries', RF Regions' Economy for August-November 93

944E0294A Moscow KOMMERSANT in Russian  
No 46, 22 Nov 93 pp 21-24

["Review of the Economy of the CIS Countries and Regions of Russia for August-November 1993" by Nikita Kirichenko and Aleksandr Ivanter: "The Commonwealth at a New Stage—More Aspects Different Than In Common"]

[Text] Since the time of publication of our last quarterly review of the economies of the republics of the former USSR, the economic climate both within the republics themselves and in their trade and foreign currency relations has changed significantly. Results of macroeconomic analysis, conducted according to a methodology of intercountry comparisons, show that the qualitative differences between economic types of republics have intensified significantly over this time, and a "multistructured" economy has taken shape in the territory of the former USSR. On the other hand, it has become entirely apparent that a foreign currency union of the CIS countries will all the same be structured on a multi-currency basis, and the question of normalization of payment relationships will be a key issue here.

## Typology of Republics: Getting Farther and Farther Away from Each Other

The infinite national diversity of types of economies, of economic policy being conducted, and of specific external and internal factors is moving farther and farther apart the economies of the republics of the former USSR, which once lived "in a united fraternal family." The statistical results we have at our disposal of the development of the

CIS states over the nine months of this year enable us to turn once again to an analysis of their common and particular features.

The common features of the economic condition of the republics are the ones with which we have become sickeningly familiar: the virtually never-diminishing rates of production decline and the inflation we see being maintained at the 1,000 percent level—unprecedented for modern economies. Nonetheless, intercountry correlations of the indices of decline and inflation, and the reasons behind them, are entirely diverse, enabling us to return anew to the discussion of the "decline-inflation" dilemma we began in issue No. 8, 1993, of KOMMERSANT.

Figure 1 illustrates the function reflecting the dependency of changes in the volume of industrial production and wholesale price index over the first nine months of 1993 for the republics and the CIS average (as compared with the same period of last year; Ukraine, Georgia, and the Baltic states were dropped from analysis because of a lack of data or incomplete data). The sloping straight lines in the diagram show the correlation between the dynamics of production and prices, last year and this year. As shown in the diagram, the slope angle of the equilibrium axis (weighted average for all republics) for 1993 diminished appreciably, indicating a certain acclimatization of the economies of former USSR republics to the state of high inflation.

## Industrial Production and Inflation in the CIS Countries Over the First Nine Months of 1993

The depressive type. A characteristic feature of this type of economy is the catastrophic (more than one-fourth on an annualized basis) decline of production against the background of a moderate (somewhat higher than equilibrium)



Figure 1

Key:—1. Wholesale price index, percent—2. 1992 equilibrium axis—3. Belarus—4. 1993 equilibrium axis—5. Turkmenistan—6. Kazakhstan—7. Azerbaijan—8. Tajikistan—9. Uzbekistan—10. Kyrgyzstan—11. Russia—12. Moldova—13. Armenia—14. CIS average—15. Change in level of industrial production, percent



Figure 2

Key:—1. Retail price index, percent—2. Tajikistan—3. Kyrgyzstan—4. Azerbaijan—5. Kazakhstan—6. Turkmenistan—7. Belarus—8. Moldova—9. Russia—10. Uzbekistan—11. Armenia—12. Change in physical volume of retail commodity turnover, percent—

rate of price increase. The main factor of decline and inflation in this instance is the mounting shortage of commodity supply in physical terms. This situation is fairly typical of states that are experiencing noneconomic shock influences (the state of war seen in Armenia and Tajikistan) and countries with a weakly diversified economy, which find themselves actually cut off from raw material and sales markets (Kyrgyzstan).

The **stagflation type** of economy is distinguished by a protracted industrial decline of moderate intensity (10-15 percent per year) and relatively high rate of inflation. This is characteristic of states conducting an active policy of financial and monetary stimulation of the economy while maintaining a significant quantity of commodity items with fixed and regulated prices. The most typical representative of this group of countries is Ukraine, where the control over prices which has been retained and massive financial and credit infusions have set the financial system on the brink of catastrophe.

The **inflationary type** of economy within our classification system is formed by countries with a more or less equilibrium correlation between the depth of decline and intensity of inflation in the production sector of the economy. Russia, Azerbaijan, and Turkmenistan belong to this group. We note that the official statistics of the latter indicate growth of production.

The most favorable situation appears to be that of Uzbekistan and Moldova, where increased production volumes are registered at the same time that we see a disproportionately low increase of wholesale prices. The explanation behind this favorable situation so rare in modern times is different

for each country. In the case of Uzbekistan, it is the "under-liberalized" nature of economics which has been retained in its autarkic economy, enabling it to hold on for the time being by virtue of purely dictatorial regulators. With respect to Moldova, the entire secret, in our view, lies in the "collapse" base for comparison: It was in the first through third quarters of last year that the republic reached its maximum depth of industrial decline—about 25 percent on an annualized basis. We note that if one takes this circumstance into account, the republic is completely able to join the ranks of the depressive states.

**Specifics of Consumer Markets.** Analysis of the condition of the consumer markets of the Commonwealth states has yielded rather curious results. Calculations show that this year a negative connection between the level of inflation and consumer activity of the populace has predominated here, on the whole: The great degree of contraction of demand corresponds to the accelerated growth of prices on the average (see Figure 2). Republics that lie below the equilibrium axis are characterized by a disproportionately intense (with the given price increases) drop in real commodity turnover, which definitively indicates constriction of the consumer market and insufficient supply of commodities for the population. In the event the dynamics of monetary income of the populace are not limited here in a purposeful manner, hidden inflation potential begins to accumulate in the consumer sphere, which is illustrated by a hypertrophic proportion of unspent income (savings) of the populace. This situation is characteristic of Tajikistan, Azerbaijan, and Armenia.

Currently the best equilibrium in a consumer market by virtue of the price factor (lowest share of income accumulation by the populace)—and this against the background of



a somewhat increased real consumption level—is exhibited by Belarus and Russia. While the large-scale growth in physical volume of commodity turnover in Turkmenia and Uzbekistan, on the other hand, is somewhat deceiving. First of all, here again we should not forget that this growth is registered relative to the 1992 base of collapse. Secondly, extremely high indices of the share of unused income will threaten to explode the consumer markets of these republics when the very first attempt of any substance takes place to liberalize their economies. We therefore note that the decision of Turkmenistan to release food prices beginning 1 November may indeed very quickly bring about spiraling inflation unless compensation is effected by the confiscation method of introducing the republic's own currency.

**Classification of CIS States by Type of Macroeconomic Development in 1993 (First Nine Months of 1993 Compared with First Nine Months of 1992)**

Type of development	State	Dynamics of industrial production, percent	Wholesale price index, percent
Depressive type	Armenia	-39.9	790
	Tajikistan	-25.5	1,080
	Kyrgyzstan	-27.0	875
Stagflation type	Belarus	-14.6	1,575
	Kazakhstan	-12.1	1,461
	Ukraine	-8.0	6,200*
Inflationary type	Russia	-16.5	975
	Azerbaijan	-10.0	1,209
	Turkmenistan	+18.8	1,627
Under-liberalized type	Uzbekistan	+2.5	1,200
Mixed type	Moldova	+7.0	982

\*September 1993 as compared to September 1992

Calculated based on data from the CIS Committee on Statistics on the results of development of the economies of the Commonwealth states for the first nine months of 1993

**A Payments Alliance: Clearing Transactions with Friends Are Safer**

The system of payment settlements with the former republics which has taken shape today in Russia is a whimsical and cumbersome thing. It has accumulated within itself various levels and types of interstate trade relations, as well

as various channels for transferring money. The "upper floor" of the trade-settlements system is formed by bilateral clearing shipments of products of special significance (as far as Russian exports are concerned, this is primarily fuel and raw material products), designation and quotas for which are confirmed by agreements on the interstate level. In this regard, the proportions of reciprocal exchange are determined on the basis of world prices. Concentrated on the "lower deck" are settlements between economic entities of republics. Naturally, the terms for effecting trade here are significantly more diverse. The diagram presented below provides some concept of this system.

**Clearing trade** is carried out under mediation by the federal contract corporation Roskontrakt, which has a monopoly status in the sphere of interrelated shipments. Here we present certain results of clearing trade for the first three quarters of 1993.

Russia's positive balance has managed to be secured only through reciprocal shipments of Roskontrakt with Ukraine, Kyrgyzstan, Moldova, and the Nistru corporation. Here within the framework of clearing with the CIS states, it is not only "external" financial problems that are piling up with Roskontrakt—concerning relations with the republics—but internal difficulties as well.

Thus, according to data from the corporation's analysis services, expenditures by Roskontrakt for the purchase of commodities from Russian producers for deliveries to the CIS states amounted to 630 billion rubles [R] over the nine months of this year, while proceeds to the account from Russian enterprises as payment for production output transported out of the republics through clearing transactions came to only R566 billion. In other words, in this aspect alone the indebtedness of Russian purchasers to Roskontrakt amounted to R344 billion as of 1 October.

In this manner, interstate clearing provides no insurance against financial disorders, neither within Russia nor on the interrepublic level. But the advantage of such a means of trade lies in resolving the problem of prices—settlements using world prices significantly facilitate conditions for concluding transactions. In addition, "inconvenient" questions concerning the mechanism of mutual conversion of national currencies are eliminated.

Nonetheless, interrepublic clearing is ineffective on the whole. It is precisely in this segment of trade relations that prices are most susceptible to noneconomic factors—endless haggling with a political "lining," for example. In addition, coordination of volumes and prices on the bilateral interstate level does not proceed promptly and efficiently, and does not lend itself to flexible adjustment.

**Structure of Russia's Payment Relationships Within the Framework of Trade Relations with States of the "Near Abroad"**

**Reciprocal shipments within the framework of interstate agreements:**

interrelated shipments in quoted volumes on a clearing basis	payments are not made
shipments above reciprocal exchange quotas with coordinated levels of volumes and prices	settlements through correspondent accounts of central banks

**Reciprocal shipments of economic activity entities:**

through commercial trade channels by direct ties between enterprises	settlements through correspondent accounts of central banks and independent channels (direct correspondent relations between commercial banks, barter, transfers)
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The KOMMERSANT editorial office has managed to ascertain that in concluding clearing agreements for 1994, the Roskontrakt management will attempt to tighten up the principles of bilateral agreements, with the aim of lowering the risk of trade imbalance. In particular, it is proposed to establish that a current imbalance in reciprocal shipments be permitted in an amount not to exceed 5 percent of the monthly volume of shipments in accordance with the agreement. But if this parameter is exceeded, the party at fault will be obliged to pay the arising deficit within 10 days along with a fine at the rate of LIBOR plus 1 percent. In such instance, payment of the imbalance will be guaranteed by the national bank of the party at fault.

All remaining (in addition to those described) types of settlements between republics have been conducted through correspondent accounts of the central banks of Russia and the republics. The resulting balance was covered until May of this year by technical credits on the part of the Central Bank of Russia, after then—by official interstate credits.

Settlements with respect to commodity shipments outside the sphere of interstate agreements are ever increasingly being effected bypassing the central banks. Widely used among the decentralized types of settlements are transfers, barter, and settlements through direct correspondent relationships of the commercial banks of various republics. Naturally, regulation of the balance for decentralized settlements through credits is more problematic than is the case on the central

bank level. Fundamentally new financial institutions have therefore emerged and come into use—multilateral bank settlements houses, settling the balance through adjustments of the rates of national currencies by correlating the net balances of participants in each currency after each settlements cycle. Such a system provides substantially great latitude of maneuver in currency quotations, since in this instance the latter are far more closely intertwined with the commodity-based rates for real shipments.

#### The Multicolored Aspect of Currency: Better To Export to the Baltic, To Import from the East

Last Monday Kazakhstan and Uzbekistan, two of the staunchest and most consistent adherents of the ruble zone, dissatisfied at the Russian terms for affording ready cash for their internal circulation needs, made the decision to withdraw from the ruble zone. By virtue of this, the sphere of ruble-only (without parallel banknotes) ready cash circulation is today narrowed down to Russia (with the rubles of its own national hue it has available), Armenia (examining the old version of banknotes of the Union Gosbank [State Bank] as its means of effecting payments), and Tajikistan.

Well now, not a bad result for the statements surrounded by broad publicity, negotiations, and even treaties on the establishment of "a new type of ruble zone," which have stunned the environment of intergovernmental contacts over the course of three months following the July isolation

Рисунок 3

### Спад промышленного производства в странах СНГ за 9 месяцев 1993 года

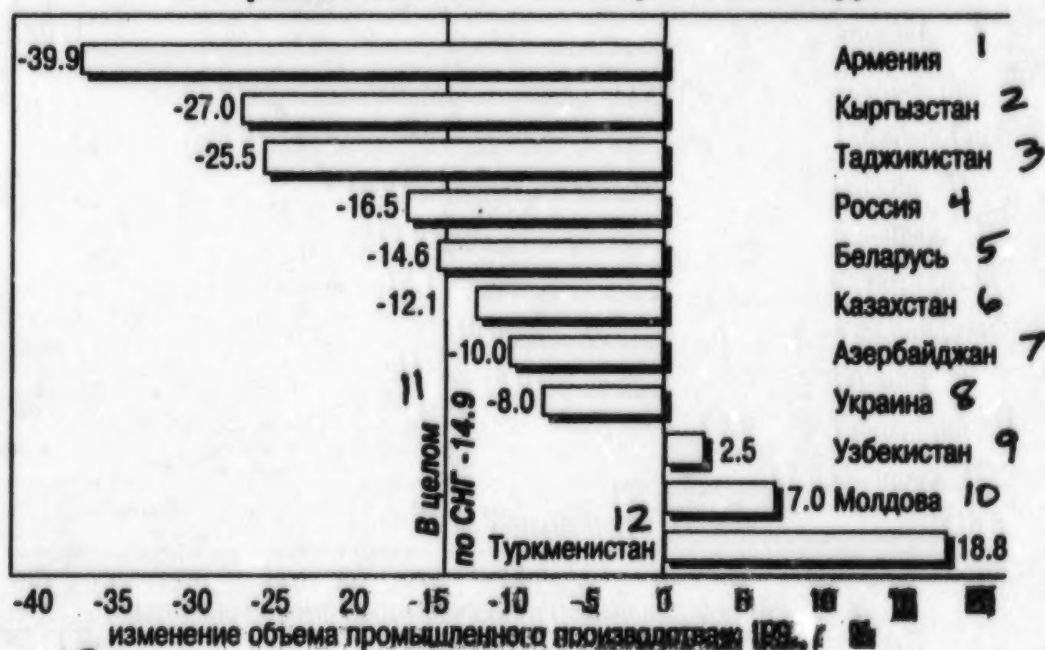


Figure 3. Industrial Production Decline in the CIS Countries Over the First Nine Months of 1993  
Key:—1. Armenia—2. Kyrgyzstan—3. Tajikistan—4. Russia—5. Belarus—6. Kazakhstan—7. Azerbaijan—8. Ukraine—9. Uzbekistan—10. Moldova—11. On the whole across the CIS—12. Turkmenistan—13. Change in industrial production volume as percentage of 1992 level

Рисунок 4

# Сравнительный рост розничных цен в странах СНГ к концу III квартала 1993 года

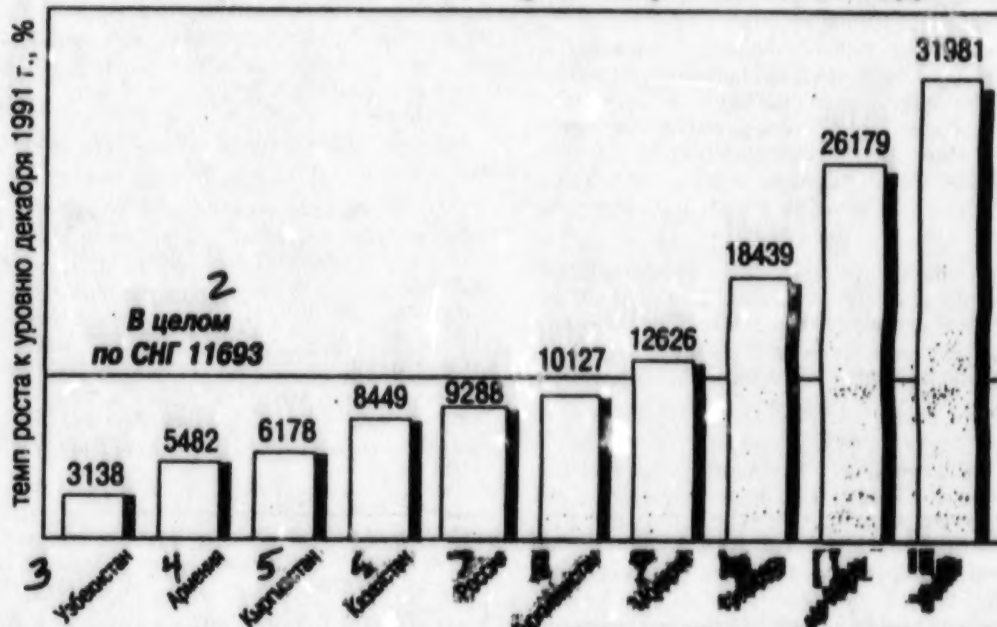


Figure 4. Relative Growth of Retail Prices in the CIS Countries Towards the End of Third Quarter 1993

Key:— 1. Growth rate compared to the December 1991 level, in percent—2. On the whole across the CIS—3. Uzbekistan—4. Armenia—5. Kyrgyzstan—6. Kazakhstan—7. Russia—8. Turkmenistan—9. Moldova—10. Belarus—11. Tajikistan—12. Ukraine

Рисунок 5

# Сравнительная динамика инфляции в России и Эстонии



Figure 5. Relative Dynamics of Inflation in Russia and Estonia

Key:— 1. Consumer price index, September 1990 = 1—2. Russia—3. Estonia



by Russia of its own ready cash circulation. In the opinion of KOMMERSANT experts, one cannot state definitively that it is precisely this result that was dictated by the logic of the economic evolutions, long since disbanded, of the former republics. The fact of the matter is that Russia actively dragged the republics into the negotiations process on the ruble zone only until such time as the theory on the revival of integrational ties with its neighbors became an important trump card in the political deck of the Supreme Soviet. After the parliament departed the political arena, and the republics, in the first stage of the negotiations process, acknowledged their financial obligations to Russia, the talks on retaining a unified ruble lost all their attractiveness for the Russian Government.

It must be noted that the cash ruble zone began to contract like shagreen leather as early as 1990. The value of the officially inventoried ruble reserve has been ever increasingly concentrated in Russia since this time, while the share of republics in the aggregate ruble reserve diminished from 1989 through 1992 by almost half—from 48.6 to 24.7 percent.

True, this year this trend has been replaced by an opposite one. As we have written repeatedly, the rigid measures introduced by Russia the middle of last year to protect its noncash circulation led to a growth in the significance of ready cash rubles in payment settlements of republics for Russian shipments. As a result, ever decreasing amounts of ready cash were returned to banks continuing to use the ruble of republics, the proportion of emission in covering their cash expenditures rose sharply, and the ruble shortage increased. With respect to surmounting this issue in the form of transferring ready cash assets, Russia assumed an openly passive position over the first seven months of the year.

Russia's transition to the new rubles which took place the end of July actually closed the door behind the single-currency zone. Joining Kyrgyzstan and Azerbaijan two

weeks after the Russian demarche (9 August) were Georgia and Moldova. Kyrgyzstan and Azerbaijan abandoned it in June-July. In November the collection of "soft currencies" was augmented by the Turkmen manat, Kazakh tenge, and the Uzbek temporary means of payment—the sum-coupon.

Augmentation of the family of republic currencies provides good cause for turning around and taking in at a glance the entire year-and-a-half long history of its formation. Here it would be logical to begin with the Baltic pioneers of national "currency building," whose experience is entirely symptomatic in this regard.

To identify the lessons of this experience, we have used the methods adopted in foreign practice of quantitative analysis of currency exchange rates, consisting of identifying their correlations with certain base parameters. Taken as such parameters were the estimates of purchasing power parity (PPP) of national currencies and the Russian ruble, obtained on the basis of a calculation of reciprocal inflation dynamics, and estimates of currency exchange rates proceeding from their reciprocal quotations for freely convertible currency (i.e., obtained proceeding from current cross rates).

Although these factors undoubtedly influenced the actual dynamics of the rates, in certain instances their influence was not decisive. The particular "physiognomy" of each currency essentially consists of the nature and degree of deviations of the actual rate from base reference points.

The tables presented below summarize the results of analysis of the dynamics of exchange rates of the Estonian and Latvian currencies to the Russian ruble.

**KOMMERSANT:** *Overvaluation and undervaluation are designations accepted in world practice of the state of mutual relations between currency exchange rates; they denote overstatement and understatement, respectively, of a currency exchange rate (or financial assets) relative to the fundamental factors that determine it.*

**Distribution of Cash Reserves in the "Ruble Zone" (Cash Rubles in Circulation at the End of the Period)**

	1989	1990	1991	1992	1993 (6 months)	1993 (9 months)
On the whole throughout the ruble zone (rubles)	109.5 billion	136.1 billion	263.3 billion	2.2241 trillion	6.6115 trillion	11.6078 trillion
including:						
In Russia (rubles)	56.3 billion	74.0 billion	161.9 billion	1.6748 trillion	4.9305 trillion	8.2238 trillion
In the republics (rubles)	53.2 billion	62.1 billion	101.4 billion	549.3 billion	1.6810 trillion	3.3840 trillion
Share attributable to the republics* (percent)	48.6	45.6	38.5	24.7	25.4	29.2

\* without consideration of uncontrolled cash flows

Source: Calculation according to data from the CIS Committee on Statistics



**Dynamics of the Exchange Rate of the Estonian Kroon to the Ruble and Its Assessments (Russian Ruble/Estonian Kroon, As Of the End of the Period)**

	Actual rate*	Assessment according to Purchasing Power Parity (PPP)**	Assessment according to cross rate through the Deutsche mark	Deviation (percent) from PPP***	Deviation (percent) from cross rate according to the Deutsche mark
20 Jun 1992	10.00	5.05	11.10	+24.2	-9.9
July	11.54	7.17	13.56	+61.0	-14.9
August	14.81	6.55	18.15	+126.1	-18.4
September	22.30	6.85	21.95	+225.4	+1.6
October	26.11	7.82	32.21	+234.0	-18.9
November	32.31	9.00	35.17	+259.0	-8.1
December	35.15	10.91	32.57	+222.3	+7.9
January 1993	46.51	13.35	45.22	+248.5	+2.9
February	46.84	16.49	45.62	+184.0	+2.7
March	53.76	19.33	52.62	+178.1	+2.2
April	68.03	23.56	65.09	+188.7	+4.5
May	83.33	27.64	76.63	+201.5	+8.7
June	78.13	32.71	77.90	+138.9	+0.3
July	72.08	38.80	72.13	+85.8	-0.1
August	81.97	48.54	74.25	+68.9	+10.4
September	100.20	58.16	90.23	+72.3	+11.0
October	94.55	71.40	88.32	+32.4	+7.1
15 November 1993	90.11	79.11	87.09	+13.9	+3.5

\*Average cash quotations of Estonian banks

\*\*Proceeding from reciprocal dynamics of inflation since September 1990, taking into account the change in price scale (10:1) occurring at the time of monetary reform

\*\*\*Reflects overvaluation (+) or undervaluation (-) of the national currency-Russian ruble exchange rate

**Dynamics of the Exchange Rate of the Latvian Currency\* to the Ruble and Its Assessments (Russian Ruble/Lat, As Of the End of the Period)**

	Actual rate**	Assessment according to Purchasing Power Parity (PPP)	Assessment according to cross rate through the dollar	Deviation (percent) from PPP	Deviation (percent) from cross rate according to the dollar
July 1992	1.00	1.41	1.24	-29.3	-19.4
August	1.11	1.32	1.46	-15.8	-24.0
September	1.25	1.31	1.60	-4.8	-21.9
October	2.00	1.29	2.44	+55.0	-18.0
November	2.22	1.45	2.68	+53.0	-17.2
December	2.67	1.77	2.53	+50.7	+5.5
January 1993	3.85	2.15	3.39	+78.7	+13.6
February	4.88	2.63	3.77	+85.6	+29.4
March	5.56	3.08	5.03	+80.2	+10.5
April	6.67	3.79	6.21	+76.0	+7.4
May	7.14	4.53	7.60	+57.6	-6.1
June	1,600	1,062	1,620	+50.6	-1.2
July	1,480	1,268	1,522	+16.9	-2.8
August	1,754	1,566	1,566	+12.0	+12.0

**Dynamics of the Exchange Rate of the Latvian Currency\* to the Ruble and Its Assessments  
(Russian Ruble/Lat, As Of the End of the Period) (Continued)**

	Actual rate**	Assessment according to Purchasing Power Parity (PPP)	Assessment according to cross rate through the dollar	Deviation (percent) from PPP	Deviation (percent) from cross rate according to the dollar
September	1,802	1,840	1,950	-2.1	-7.6
October	1,886	2,214	1,944	-14.8	-3.0
15 November 1993	1,924	2,430	1,944	-20.9	-1.0

\*Since June 1993, values of the exchange rate and its assessments are rendered in lats with calculation of its official exchange rate with respect to the rublis of 1:200

\*\*Average cash quotations of Latvian banks

The most characteristic trait of the entire period of existence of the Estonian currency is its significant (more than three-fold in autumn of last year) overvaluation with respect to the PPP which reflected a real (generalized, but not necessarily applicable to all commodities) correlation of the levels of consumer prices in Russia and Estonia. The period of liberalization (albeit partial liberalization) began significantly sooner in Estonia, and the level of prices by the time of conduct of monetary reform was higher than in Russia; proceeding from the PPP, therefore, the initial rate of the kroon (taking into account a 10-fold redenomination) should have been not 10, but just slightly over 8 rubles/Estonian kroon.

By the end of 1992 Russia had taken a confident lead in the inflation race. However, the exchange rate of the kroon, tied to freely convertible currency, grew at even a faster rate, and as a result the overvaluation with respect to the PPP, although having decreased in scale, was nonetheless preserved. As of the middle of November, the parity assessment of the kroon, according to our calculations, amounts to R70-80/Estonian kroon, with an actual exchange rate of 90 and valuation by cross rate of 87.1 R/Estonian kroon.

Finding itself at an overstated level over a long period of time, the exchange rate exerted a destimulating (and for certain commodity designations—textiles, for example—actually prohibitive) influence on the ruble exports of Estonia. Under conditions of the somewhat open nature of the Estonian economy, this constituted one of the main reasons for the extremely large-scale drop in production (the intensity value of industrial decline here, according to results of the first half-year of 1993, came quite close to 50 percent, surpassing the sad records set by Armenia and Tajikistan, engulfed in war). Payment for the hard kroon turned out to be very, very high.

The picture in Latvia is similar in principle, although here a policy was carried out of more flexible adaptation of the exchange rate to changing price ratios, and definitive confidence in its long-term stabilization with respect to freely convertible currency emerged only in the spring of this year, marked by the beginning of a gradual replacement of the transient rublis to a full-fledged national monetary unit—the lat, which became the one and only legal means of payment on 18 October.

The augmentation of exchange rates of Baltic currencies with respect to freely convertible currency has another side to it, however. The fact of the matter is that although these republics achieved significant successes in curbing inflation (the level of inflation today in Estonia is about 1 percent per

month, in Latvia—3-5 percent, and in Lithuania—about 5-10 percent), this index still remains quite high according to the yardstick of Western countries, where it does not exceed 10 percent per year. Therefore, strengthening of the exchange rates of the Baltic currencies to freely convertible currency sharply degrades their trade conditions with Western partners: Price competitiveness with respect to exports decreases; while for imports, on the contrary, it increases. This chases the national economy into the trap of progressive absence of demand for locally produced commodities both inside and outside the country.

For all the remaining republics having a history more or less sufficient for analysis of the exchange rates of national currencies to the ruble, the situation is in direct opposition to that of the Baltics: Their values are substantially lower than the parity assessments. And the level of undervaluation is increasing. Thus, as of mid-November, average cash quotations of the Ukrainian karbovanets (4.8 kopeks/karbovanets) were lower than one-fourth the value of the PPP (about 20 kopeks/karbovanets), quotations of the Belarusian "zaychik" were below the one-third the level of the PPP (2.5 and 8.2C rubles/transaction note, respectively), and of the Kyrgyz som—at approximately half (120 and 230-240 R/som, respectively).

One possible explanation of this situation may be the above-mentioned process of attracting ruble cash into wholesale circulation, which sharply increases its scarcity and overstates the cash exchange rate of the ruble with respect to local banknotes. (A similar picture is characteristic, incidentally, of noncash quotations as well.) In certain instances (as in Moldova, for example), the formation of exchange rate relative to the Russian ruble is being effected virtually exclusively following changes of mutual quotations in the republic and in Moscow, which also leads to separation from the PPP.

#### **Dynamics of the Exchange Rates of National Currencies of Countries of the Former USSR to the U.S. Dollar in 1992-1993**

The considerations presented here give rise to quite obvious recommendations for determining the preferable orientation for Russian businessmen regarding trade relations with the near abroad: Exporting is generally more advantageous to republics that have an overstated exchange rate with respect to parity with the Russian ruble (the Baltic states), while importing is generally more beneficial from republics characterized by a more impetuous—than the relative growth of prices—depreciation of local currency. We cannot fail but remember in this regard the throngs bringing in food, crowds

kilometers long at the Kiev and Belarus train stations in Moscow—an example of the ineradicable instinct of home-bred shuttle traders.

But the overstated level of national currency-ruble exchange rate as compared with the cross rate demonstrates the profitability of acquiring freely convertible currency on the republic currency market (with preliminary conversion of Russian rubles into local currency).

Our studies have shown that not only among the former USSR republics, but among regions of Russia as well, differentiation of price levels for similar commodities is increasing rapidly. It is only natural that under such conditions, the opportunities for

making a large trade profit in wholesale interregional transactions are expanding substantially.

In this issue we present a table showing the prices of basic consumer products, compiled on the basis of data from the Russian State Committee on Statistics as of 26 October. The table provides a presentation not just of interregional price differences but of their differentiation within a region as well.

The price increase indices that appear in the left portion of the table are provided for reference and are calculated in comparison with the situation three months ago. They reflect the average price dynamics across Russia for certain product groups.

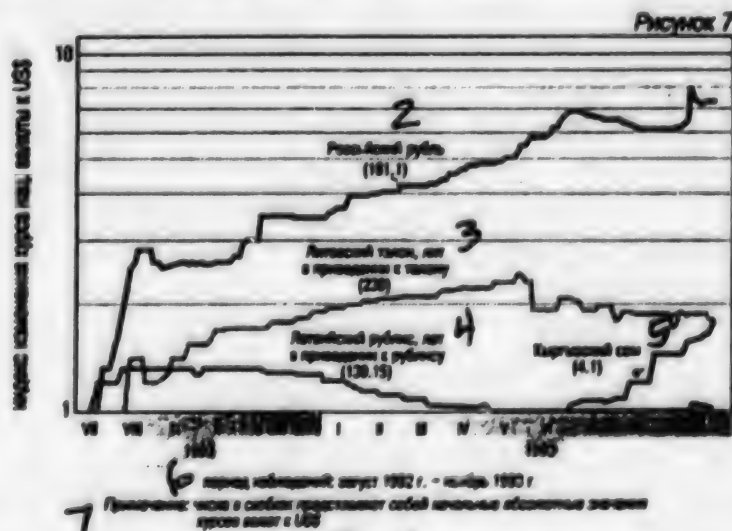


Figure 7

Key:—1. Index of change of national currency exchange rate to the U.S. dollar—2. Russian ruble—3. Lithuanian talon, lit, in talon terms—4. Latvian rublis, lat, in rublis terms—5. Kyrgyz som—6. Period of observation: August 1992-November 1993—7. Note: numbers in parentheses denote initial absolute values of currency exchange rates to the U.S. dollar

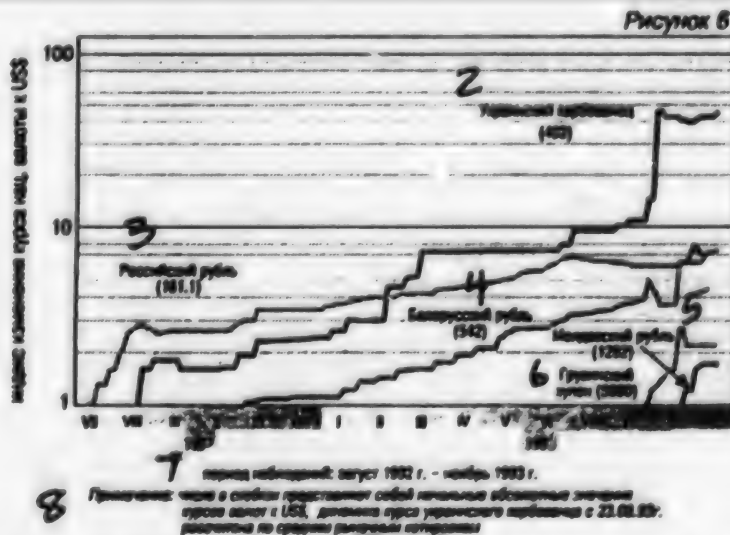


Figure 6

Key:—1. Index of change of national currency exchange rate to the U.S. dollar—2. Ukrainian karbovanets—3. Russian ruble—4. Belarus ruble—5. Moldovan ruble—6. Georgian coupon—7. Period of observation: August 1992-November 1993—8. Note: Numbers in parentheses represent initial absolute values of currency exchange rates to the U.S. dollar; the dynamics of exchange rate of the Ukrainian karbovanets since 23 Aug 93 is calculated according to average market quotations



## Survey of Russian

Survey of Russian

	Average across Russia	Index	Minimum in Russia	Maximum in Russia	Northern Region			Northwestern Region		
					Average	Minimum	Maximum	Average	Minimum	Maximum
Food Products										
Beef (Grade 1)	1,950	1.41	558	4,908	2,172	1,796	2,426	1,705	1,330	1,985
			Ulyanovsk	Petropavlovsk-Kamchatskiy		Ukhta	Severodvinsk		Pskov	St. Petersburg
Pork	2,165	1.61	1,500	2,800	2,554	1,500	3,300	2,157	2,000	2,372
			Ukhta	Yaroslavl		Ukhta	Sykt'yvkar		Novgorod	St. Petersburg
Smoked sausage (Grade 1)	3,768	1.44	2,275	10,300	4,532	3,642	6,000	3,548	3,475	3,614
			Sterlitamak	Magadan		Petrozavodsk	Vorkuta		Novgorod	St. Petersburg
Butter	1,949	1.39	830	4,528	2,141	1,802	2,450	1,924	1,610	2,250
			Ulyanovsk	Magadan		Cherepovets	Apatity		Pskov	Novgorod
Vegetable oil	1,008	1.90	300	3,000	1,081	827	1,500	1,118	900	1,453
			Ulyanovsk	Tolyatti		Sykt'yvkar	Apatity		Pskov	St. Petersburg
Cheese	2,291	1.25	1,300	6,500	2,401	2,000	3,272	2,067	1,910	2,159
			Neftekamsk	Norilsk		Arkhangelsk	Vorkuta		Pskov	St. Petersburg
Granulated sugar	712	1.47	531	1,800	788	673	1,100	660	655	667
			Kaliningrad	Norilsk		Petrozavodsk	Vorkuta		St. Petersburg	Novgorod
Tea	1,344	0.40	1,860	5,797	4,741	4,000	6,943	3,638	3,157	3,900
			Taganrog	Smolensk		Severodvinsk	Vorkuta		Novgorod	Pskov
	3,326	2.04	1,900	7,000	3,886	3,001	5,260	3,092	2,810	3,365
			Groznyy	Khabarovsk		Cherepovets	Vorkuta		Pskov	St. Petersburg
Men's Clothing and Footwear										
Overcoat (wool blend)	43,925	1.83	25,000	100,000	33,463	15,000	47,000	41,585	20,000	60,755
			Kemerovo	Astrakhan		Arkhangelsk	Apatity		Pskov	St. Petersburg
Two-piece suit (wool blend)	40,857	1.51	22,000	76,641	45,282	34,455	66,000	44,440	31,500	59,750
			Nalchik	Krasnodar		Ukhta	Sykt'yvkar		Pskov	St. Petersburg
Trousers (wool blend)	10,920	1.71	5,500	22,916	12,085	5,500	22,916	10,979	8,683	12,500
			Severodvinsk	Vorkuta		Severodvinsk	Vorkuta		Novgorod	Pskov

Regional Economics Table 1

	Central Region			Volga-Vyatka Region			Central Chernomem Region		
	Average	Minimum	Maximum	Average	Minimum	Maximum	Average	Minimum	Maximum
	1,837	1,587	2,500	1,859	1,455	2,246	1,642	1,456	1,900
		Orel	Kostroma		Saransk	Dzerzhinsk		Kursk	Yelets
	2,087	1,823	2,793	2,059	1,560	2,350	1,690	1,500	1,900
		Shuya	Tver		Saransk	Nizhniy Novgorod		Kursk	Yelets
	3,617	2,978	4,356	3,833	3,030	4,958	3,348	2,950	3,986
		Kaluga	Ivanovo		Kirovo-Chepetsk	Arzamas		Novyy Oskol	Lipetsk
	1,875	1,505	2,202	1,734	1,593	2,000	1,739	1,580	2,000
		Orel	Smolensk		Saransk	Nizhniy Novgorod		Tambov	Belgorod
	932	670	1,302	963	669	1,412	683	400	874
		Ryazan	Moscow		Yoshkar-Ola	Arzamas		Voronezh	Kursk
	2,005	1,521	2,419	2,050	1,546	2,600	1,620	1,440	1,910
		Kostroma	Moscow		Yoshkar-Ola	Kirovo-Chepetsk		Tambov	Voronezh
	708	554	819	733	662	800	662	550	816
		Orel	Ivanovo		Nizhniy Novgorod	Kirovo-Chepetsk		Voronezh	Kursk
	4,242	2,500	5,797	4,231	2,444	5,673	4,328	2,100	6,500
		Obninsk	Smolensk		Cheboksary	Nizhniy Novgorod		Tambov	Novyy Oskol
	3,024	2,145	3,728	2,784	2,100	3,320	2,984	2,340	3,500
		Bryansk	Moscow		Saransk	Arzamas		Voronezh	Novyy Oskol
	44,982	29,000	66,885	35,391	28,254	45,000	45,062	15,000	90,000
		Tula	Moscow		Yoshkar-Ola	Dzerzhinsk		Tambov	Shebekino
	40,746	25,333	60,739	42,216	29,350	69,914	31,017	24,000	38,222
		Obninsk	Smolensk		Kirovo-Chepetsk	Nizhniy Novgorod		Shebekino	Yelets
	10,911	6,138	15,906	10,312	8,520	11,625	8,437	3,900	10,800
		Novomoskovsk	Moscow		Kirovo-Chepetsk	Dzerzhinsk		Shebekino	Tambov

## Survey of Russian

Survey of Russia

	Average across Russia	Index	Minimum in Russia	Maximum in Russia	Northern Region			Northwestern Region		
					Average	Minimum	Maximum	Average	Minimum	Maximum
Men's Clothing and Footwear (continued)										
Shirt (cotton)	5,401	1.81	1,500	1,400	6,344	3,483	12,704	6,244	3,790	7,600
			Naberezhnyye Chelny	Tyumen		Petrozavodsk	Vorkuta		Novgorod	Pskov
Shoes (leather)	30,997	1.64	9,000	97,500	29,121	23,000	38,000	27,709	23,500	30,034
			Kemerovo	Angarsk		Vorkuta	Murmansk		Pskov	Novgorod
Women's Clothing and Footwear										
Overcoat (wool blend)	50,475	2	22,500	101,250	54,847	20,000	85,600	56,980	49,025	64,415
			Taganrog	Novyy Oskol		Arkhangelsk	Syktyvkar		Novgorod	St. Petersburg
Dress (wool blend)	13,566	1.97	4,160	25,200	9,272	4,348	14,000	14,292	10,500	16,979
			Novocherkassk	Armavir		Ukhta	Apatity		Pskov	St. Petersburg
Pantyhose (elastic)	727	1.89	405	1,350	764	318	1,344	661	473	900
			Novyy Oskol	Neftekamsk		Vologda	Ukhta		Novgorod	St. Petersburg
Boots (leather)	66,277	2.31	21,000	170,000	64,589	35,000	100,000	58,489	51,967	67,500
			Yurga	Prokopyevsk		Severodvinsk	Murmansk		St. Petersburg	Pskov
Shoes (leather)	21,511	1.37	8,864	30,000	23,900	22,700	25,429	23,191	20,167	26,906
			Stavropol	Prokopyevsk		Cherepovets	Syktyvkar		Novgorod	St. Petersburg
Household Equipment										
Refrigerator (KSh-260)	373,990	1.51	245,000	770,000	425,278	300,000	589,500	306,778	262,000	350,000
			Vladivostok	Petropavlovsk-Kamchatskiy		Severodvinsk	Vorkuta		Novgorod	Pskov
Color television (61 cm.)	343,638.27	1.59	250,000	475,000	380,222	300,000	451,000	292,353	270,000	325,000
			Voronezh	Orenburg		Cherepovets	Vorkuta		Novgorod	Pskov
Gasoline										
A-76	105	1.03	96	250	146	110	213	145	145	146
			Novomoskovsk	Shakhty		Syktyvkar	Murmansk		Novgorod	St. Petersburg



Regional Economics Table 1 (continued)

	Central Region			Volga-Vyatka Region			Central Chernozem Region		
	Average	Minimum	Maximum	Average	Minimum	Maximum	Average	Minimum	Maximum
	5,127	3,257	9,500	5,100	3,213	9,250	4,257	2,850	6,000
		Novomosk- ovsk	Kostroma		Cheboksary	Dzerzhinsk		Novyy Oskol	Lipetsk
	29,044	10,800	41,300	25,667	9,935	37,759	24,505	14,400	44,360
		Vladimir	Rybinsk		Novoche- boksarsk	Nizhniy Novgorod		Shebekino	Kursk
	49,661	32,770	80,000	49,709	30,100	68,000	58,039	25,915	101,250
		Shuya	Orekhovo- Zuyevo		Yoshkar- Ola	Arzamas		Tambov	Novyy Oskol
	15,741	4,200	25,807	11,823	4,160	15,700	10,772	5,250	20,800
		Kaluga	Moscow		Novoche- boksarsk	Yoshkar- Ola		Tambov	Kursk
	681	487	1,106	628	453	945	526	405	651
		Novomosk- ovsk	Ivanovo		Novoche- boksarsk	Saransk		Novyy Oskol	Voronezh
	59,481	31,500	105,000	58,728	37,125	90,000	39,637	18,600	53,103
		Obninsk	Rybinsk		Cheboksary	Kirov		Novyy Oskol	Kursk
	20,574	10,918	31,100	21,136	12,750	29,000	14,740	12,650	18,820
		Kaluga	Orekhovo- Zuyevo		Cheboksary	Saransk		Shebekino	Lipetsk
	352,311	264,000	430,000	371,191	301,250	500,000	375,507	297,504	419,040
		Orel	Rybinsk		Kirov	Dzerzhinsk		Kursk	Yelets
	300,273	250,000	400,000	298,274	250,000	350,000	318,642	250,000	356,000
		Shuya	Elektrostal		Saransk	Arzamas		Voronezh	Novyy Oskol
	131	96	173	137	123	201	134	112	157
		Novomosk- ovsk	Moscow		Saransk	Kirov		Novyy Oskol	Yelets

Survey of Russian									
	Volga Region			North Caucasus Region			Urals Region		
	Average	Minimum	Maximum	Average	Minimum	Maximum	Average	Minimum	Maximum
<b>Food Products</b>									
Beef (Grade 1)	1,385	460	1,900	1,548	1,000	1,900	1,697	1,095	2,620
		Ulyanovsk			Groznyy	Novorossiysk		Kurgan	Nizhniy Tagil
Pork	1,493	558	2,000	1,749	1,300	2,200	1,873	1,300	2,500
		Ulyanovsk	Tolyatti		Groznyy	Cherkassk		Kurgan	Perm
Smoked sausage (Grade 1)	3,242	2,420	3,782	3,384	2,530	5,442	3,624	2,275	4,730
		Elista	Ulyanovsk		Makhachkala	Shakhty		Sterlitamak	Orenburg
Butter	1,804	825	2,478	2,004	1,800	2,456	2,021	1,500	2,745
		Ulyanovsk	Penza		Taganrog	Maykop		Sterlitamak	Orenburg
Vegetable oil	1,016	300	3,000	762	506	1,000	799	450	1,141
		Ulyanovsk	Tolyatti		Armavir	Nalchik		Sterlitamak	Kurgan
Cheese	2,091	1,768	2,600	2,206	1,750	3,062	2,006	1,300	2,750
		Ulyanovsk	Tolyatti		Tuapse	Rostov-on-Don		Yekaterinburg	Orenburg
Granulated sugar	707	630	825	630	533	728	764	660	868
		Samara	Tolyatti		Krasnodar	Makhachkala		Sterlitamak	Sarov
Tea	3,767	3,000	5,000	4,107	1,860	5,072	3,868	3,000	4,500
		Tolyatti	Kamyshin		Taganrog	Novorossiysk		Orsk	Neftekamsk
Vodka	3,371	2,333	4,670	3,314	1,900	4,708	3,357	2,660	4,347
		Penza	Astrakhan		Groznyy	Armavir		Neftekamsk	Perm
<b>Men's Clothing and Footwear</b>									
Overcoat (wool blend)	51,637	27,520	100,000	64,494	30,000	107,500	43,419	22,000	58,150
		Penza	Astrakhan		Maykop	Shakhty		Izhevsk	Chelyabinsk
Two-piece suit (wool blend)	37,712	25,000	67,765	44,491	22,000	76,641	42,488	29,800	72,000
		Chistopol	Astrakhan		Nalchik	Rostov-on-Don		Kopeysk	Nizhniy Tagil
Trousers (wool blend)	11,190	8,000	21,107	12,036	7,500	19,000	10,516	7,000	16,000
		Samara	Astrakhan		Taganrog	Groznyy		Sterlitamak	Orenburg
Shirt (cotton)	4,774	1,500	11,804	5,495	2,750	8,432	5,789	3,300	12,300
		Naberezhnyye Chelny	Astrakhan		Taganrog	Rostov-on-Don		Kopeysk	Neftekamsk
Shoes (leather)	29,270	14,000	45,000	36,501	15,300	66,818	31,806	20,400	49,000
		Kamyshin	Volgograd		Nevinnomyssk	Groznyy		Nizhniy Tagil	Neftekamsk

Regional Economics Table 2

West Siberian Region			East Siberian Region			Far Eastern Region		
Average	Minimum	Maximum	Average	Minimum	Maximum	Average	Minimum	Maximum
2,013	1,300	2,848	1,790	912	2,400	3,373	2,600	4,602
	Rubtsovsk	Salekhard		Kyzyl	Irkutsk		Blagoveshchensk	Petropavlovsk-Kamchatskiy
2,194	1,400	3,000	2,021	1,400	2,400	3,837	2,600	3,300
	Rubtsovsk	Salekhard		Kyzyl	Irkutsk		Blagoveshchensk	Yakutsk
4,438	3,188	6,000	4,680	3,500	6,000	7,122	5,050	10,300
	Rubtsovsk	Salekhard		Kyzyl	Norilsk		Nakhodka	Magadan
2,170	1,761	2,900	2,456	1,800	2,896	2,772	1,715	4,528
	Barnaul	Surgut		Norilsk	Irkutsk		Vladivostok	Magadan
1,078	580	2,664	809	526	1,062	1,453	600	2,120
	Kemerovo	Novyy Urengoy		Irkutsk	Kyzyl		Nakhodka	Khabarovsk
2,280	1,700	3,685	3,187	2,241	6,500	3,877	2,805	6,330
	Rubtsovsk	Novyy Urengoy		Krasnoyarsk	Norilsk		Vladivostok	Magadan
833	700	1,200	880	652	1,800	766	608	1,074
	Gornyyak	Salekhard		Angarsk	Norilsk		Birobidzhan	Magadan
4,115	2,300	7,000	4,071	1,796	6,650	5,310	3,500	9,762
	Barnaul	Salekhard		Ulan-Ude	Kyzyl		Blagoveshchensk	Magadan
4,109	2,200	6,180	3,840	2,920	5,730	6,207	4,660	9,211
	Gorno-Altayak	Salekhard		Krasnoyarsk	Kyzyl		Vladivostok	Magadan
31,207	25,000	40,500	50,539	35,500	78,000	37,548	29,546	48,000
	Kemerovo	Omsk		Abakan	Angarsk		Blagoveshchensk	Petropavlovsk-Kamchatskiy
37,504	24,000	56,200	44,038	26,202	75,000	40,804	29,700	58,500
	Berdsk	Novyy Urengoy		Abakan	Angarsk		Vladivostok	Magadan
11,226	7,233	19,060	9,268	6,000	13,070	11,365	7,200	20,000
	Kemerovo	Yurga		Kyzyl	Angarsk		Blagoveshchensk	Yakutsk
6,045	2,900	14,000	5,653	3,114	12,500	4,899	3,447	7,646
	Surgut	Tyumen		Krasnoyarsk	Teyshet		Blagoveshchensk	Petropavlovsk-Kamchatskiy
30,173	9,000	50,000	41,333	16,000	97,500	30,389	18,200	36,000
	Kemerovo	Tyumen		Abakan	Angarsk		Yuzhno-Sakhalinsk	Yakutsk



Survey of Russian									
	Volga Region			North Caucasus Region			Ural Region		
	Average	Minimum	Maximum	Average	Minimum	Maximum	Average	Minimum	Maximum
<b>Women's Clothing and Footwear</b>									
Overcoat (wool blend)	52,810	37,700	106,355	55,125	22,500	90,513	45,318	30,400	84,500
		Kazan	Astrakhan		Taganrog	Rostov-on-Don		Kopeysk	Orenburg
Dress (wool blend)	13,284	5,024	19,000	13,762	6,125	25,200	15,699	7,035	20,700
		Ulyanovsk	Volgograd		Novorossiysk	Armavir		Serov	Chelyabinsk
Pantyhose (elastic)	657	475	916	805	500	1,297	687	410	1,350
		Kamyshin	Astrakhan		Taganrog	Rostov-on-Don		Yekaterinburg	Neftekamsk
Boots (leather)	51,042	20,000	65,000	67,848	40,000	116,000	67,635	35,000	160,000
		Balakovo	Elista		Nevinnomyssk	Vladikavkaz		Sterlitamak	Serov
Shoes (leather)	19,794	6,625	25,000	19,638	8,863	25,906	20,750	10,200	27,500
		Kamyshin	Balakovo		Stavropol	Rostov-on-Don		Izhevsk	Neftekamsk
<b>Household Equipment</b>									
Refrigerator (KSh-260)	373,000	290,000	437,000	378,460	201,363	513,540	338,388	230,000	561,000
		Chistopol	Kamyshin		Stavropol	Rostov-on-Don		Yekaterinburg	Serov
Color television (61 cm.)	327,821	280,000	475,000	321,368	270,000	375,000	354,687	300,000	475,000
		Samara	Naberezhnyye Chelny		Vladikavkaz	Tuapse		Sterlitamak	Orenburg
<b>Kiasellin</b>									
A-76	128	110	160	168	113	250	132	107	230
		Astrakhan	Elista		Makhachkala	Shakhty		Kurgan	Perm

Regional Economics Table 2 (continued)

West Siberian Region			East Siberian Region			Far Eastern Region		
Average	Minimum	Maximum	Average	Minimum	Maximum	Average	Minimum	Maximum
46,362	31,250	72,000	44,028	30,000	73,500	50,826	31,000	80,000
	Novokuznetsk	Novyy Urengoy		Divnogorsk	Angarsk		Yuzhno-Sakhalinsk	Magadan
15,691	7,000	33,600	14,303	8,100	24,700	10,359	6,000	14,400
	Barnaul	Berdsk		Krasnoyarsk	Angarsk		Yakutsk	Petropavlovsk-Kamchatskiy
849	420	1,800	671	550	875	911	450	2,080
	Yurga	Tyumen		Kyzyl	Tayshet		Blagoveshchensk	Petropavlovsk-Kamchatskiy
67,121	21,000	170,000	92,414	46,000	145,033	106,616	48,000	195,000
	Yurga	Prokopyevsk		Kyzyl	Chita		Birobidzhan	Yuzhno-Sakhalinsk
22,903	14,000	40,000	26,301	18,500	38,750	26,593	24,238	29,000
	Kemerovo	Novyy Urengoy		Abakan	Tayshet		Khabarovsk	Nakhodka
387,246	280,000	516,000	366,109	270,000	480,000	425,722	186,000	770,000
	Berdsk	Tyumen		Irkutsk	Chita		Nakhodka	Petropavlovsk-Kamchatskiy
372,508	250,000	650,000	420,072	305,000	520,000	429,467	320,000	584,000
	Surgut	Novyy Urengoy		Krasnoyarsk	Chita		Birobidzhan	Petropavlovsk-Kamchatskiy
106	98	123	142	119	177	201	107	360
	Omsk	Surgut		Irkutsk	Kyzyl		Komsomolsk-on-Amur	Petropavlovsk-Kamchatskiy

### Use of Foreign Economic Policy To Stem Russian Immigration Urged

944Q0080A Moscow *SEGODNYA* in Russian  
No 78, 13 Nov 93 p 2

[Article by Aleksandr Bekker: "Migration Is Becoming a Problem of State Security: The Council of Ministers Proposes To Use Economic Policy as a Political Instrument"]

[Text] The problem of migration is becoming one of the most important matters of state security. Such is the opinion of Tatyana Regent, director of the Federal Migration Service (FMS)—an opinion which she expressed at a session of the Council of Ministers Presidium. To her way of thinking, Russia has proved to be unprepared for the streams of refugees from various hot spots, the considerable influx of foreign manpower, the increasing resettlement, and the illegal migration from abroad. Last year this country accepted 2 million refugees, forced resettlers, and economic migrants from the near abroad. Issues of ethnic oppression, which played a decisive role in the move to Russia, have now yielded first place to problems of a material nature. The latter circumstance indirectly attests to Russia's leadership in the reforms and to its more stable economic position as compared with the adjoining states of the CIS. Russia is attractive not only for Russians from abroad, but also for Ukrainians, Belorussians, and Kazakhs. It has become analogous to the positions once occupied by West Germany for Turkish and Yugoslav workers and; and that of Taiwan for Chinese. This extremely relative "prosperity" is intensifying immigration to Russia and paradoxically is exacerbating this country's socioeconomic difficulties connected with the resettlement, job placement, and psychological adaptation of these new arrivals.

According to the FMS forecasts, we can anticipate during the next two years the resettlement of 400,000 persons from Transcaucasia, almost 3 million from Central Asia, and approximately 600,000 from the Baltic countries. The total migration will amount to somewhere between 4 and 6 million people. The small migration service, with its still undeveloped regional network, cannot cope with the enormous wave of problems involved here. Moreover, as stated by Tatyana Regent, the Ministry of Finance has allocated only 36.5 billion rubles out of the 130 billion rubles pre-planned for this purpose. The FMS director informed the Presidium that almost 7,000 families (22,000 persons) have been granted non-reimbursable loans in the amount of 700,000 rubles per family for building housing; and 14,000 refugees have received a one-time benefit. Tatyana Regent proposed that the government finance from the budget 50 percent of the expenditures on building an infrastructure in settlements densely populated by resettlers. She requested more independence for the migration service in the utilization of off-budget sources and tax privileges.

Tatyana Regent noted that we must also contend with the cause of migration. She stated the need to link Russia's

foreign-economic policy with the position of Russian-speaking residents in the near abroad. "If we succeed in just stabilizing the influx of resettlers," Tatyana Regent said, "the migration service would not have to work on a continuously crash-type schedule." In addition to providing departmental advantages, this—of course—would also reduce the financial load on the budget. The FMS is conducting negotiations with virtually all the CIS and Baltic republics on concluding bilateral agreements whereby the observance of the rights of the non-titular nations would be strengthened. The delicacy of this problem was underlined by Viktor Chernomyrdin's reply that at these negotiations with the countries of the near abroad—talks which were to be strictly economic according to the agenda—the partners had suddenly, at a crucial moment, brought up the matter of 2 million Russians in Uzbekistan, 5 million in Kazakhstan, and 12 million in Ukraine. "Well then, you start to give in," the prime minister remarked.

The agreement mentioned by Tatyana Regent has so far been concluded only with Estonia. For a three-year period it protects those Russians who wish to leave from an immediate, practically compulsory resettlement. Uzbekistan and Kazakhstan, which have had the largest migration figures in recent months, have not yet entered into negotiations regarding migration. Their absence and the lack of agreements on dual citizenship—even in the case of the smoothed-over Islamic factor—have intensified migration. First Deputy Prime Minister Yegor Gaydar reacted to this problem briefly as follows: "We must link those export credits which have been granted to the states of the near abroad with their consent to sign an agreement on migration and dual citizenship."

Andrey Kozyrev supported the need to use economic levers for the purpose of protecting the Russian-speaking population. Having mentioned the importance of the "iron necessity" in "transferring Russia's economic advantages into the political area," the minister of foreign affairs at the same time warned against a frontal assault in using the instruments of pressure. Let's say, for example, the shutting off of oil-and-gas pipelines or limiting the delivery of our products to neighboring countries. Such actions have impacted—and particularly strongly so—former Union enterprises, in which most of the employees are actually Russian-speaking persons. He reported that, of the 800 billion rubles of Russia's inter-state credits which are a part of this year's budget, 100-120 billion have been granted to the CIS countries. However, the above-mentioned limitations and restrictions have returned like a boomerang to hit Russian enterprises: The partners from the near abroad have stopped paying their bills.

As a result of the session held by the Council of Ministers Presidium, it was proposed that the FMS work out a migration program within a week's time. Moreover, the Cabinet of Ministers agreed with Tatyana Regent's proposal that the FMS should not be simply an executor of state policy in the area of migration, but should also play an active part in formulating such a policy.



### Russian Peacemaking Efforts in Tajikistan Viewed as 'Failure'

944Q0101A Moscow NEZAVISIMAYA GAZETA  
in Russian 20 Nov 93 pp 1, 3

[Article by Igor Rotar: "Moscow's Latest Peacekeeping Effort in Tajikistan. Success Is Doubtful"]

[Text]

#### Diplomacy

To incline Dushanbe toward dialogue with the opposition and to coordinate the actions of Moscow, Tashkent, and Almaty—such were the main goals of the Ministry of Foreign Affairs of Russia during its tour of the Central Asian states. We remind the reader that Andrey Kozyrev, as the personal representative of the president on Tajikistan, acted in this instance not independently, but on behalf of Boris Yeltsin.

To all appearances, Russia's latest attempt to settle the Tajikistan crisis has turned out to be unsuccessful. As Russian Deputy Minister of Defense Boris Gromov, a member of the Russian delegation, asserts, "Both Tashkent and Almaty say that they are implementing the Minsk agreements on Tajikistan in accordance with their republican legislation; however, Russia would like for Uzbekistan and Tajikistan to implement the documents that they have signed in a timely manner. Nevertheless, after the negotiations in Almaty and Tashkent, no information about 'movement' in the implementation of the Minsk accord has been forthcoming. For example, a Kazakh battalion will join the ranks of the peacekeeping forces of the CIS in Tajikistan only after the republic's deputies have approved this step." It is interesting that in Tashkent and Almaty and Dushanbe the sides have failed not only to work out new documents but even to disseminate a communique. But even if we are to believe the version of the Ministry of Foreign Affairs of Russia, that the working visit did not provide for this, the heart of the matter remains unchanged.

Moscow does not conceal its apprehensions: More than a year has already passed since the moment of the change in power in the republic, but the situation has yet to stabilize. The Afghan-Tajik border is starting to remind one increasingly of a front line. Boris Pyankov, commander of the CIS peacekeeping coalition forces in Tajikistan, asserts that by spring we will be expecting a new massed attack by the Tajik opposition from Afghanistan.

Perhaps the only reassuring circumstance has been the offensive of General Abdul Rashid Dostum, leader of the National Islamic Movement of Afghanistan, against the Konduz Province and the Imam Saheb zone (the main regions of concentration of the Tajik opposition). Dostum's former comrade in arms Najibullah—an Uzbek by extraction—enjoys good relations both with Moscow and with Tashkent (the general's family lives in the Uzbekistan capital). If the leader of the Islamic movement succeeds in taking these provinces under his control, the border will

become peaceful. However, the instability of Afghan political life does not allow us to hope that Dostum's possible success will turn out to be long-lasting.

And the opposition's resistance within the republic is not ceasing. The opinion on this score of Boris Gromov—the legendary Afghanistan veteran who in the past commanded the 40th Army, which fought in the neighboring country—is interesting. Today's situation in Tajikistan reminds him of that which he found in Afghanistan. More than that, the general believes that the internal situation in Tajikistan is significantly more complicated than the external and that a large portion of Garm (the region of traditional opposition influence) is, as before, not controlled by Dushanbe. It is interesting that the opinion of the Russian professional soldier does not correspond with the point of view of Chairman of the Supreme Council of Tajikistan Imamali Rakhmanov, who cheered the "lobbies" of the Russian delegation with his announcement that the civil war in the republic was already over.

At the same time, the position of the Tajikistan leadership is easy to explain: While Russian troops are stationed in this state, the current authorities in the republic can rest easy. There is no doubt that the Russian Armed Forces are today actively participating in military actions in Tajikistan. So aside from guarding the border (and it is precisely here that the main military actions take place) Russian soldiers take part in operations aimed at rendering harmless fighters with the Tajik opposition who cross the border. That is, even officially, Russian troops take part in all the main military operations in Tajikistan. If one compares the level of armament, numerical strength, and professional training of the Russian military subdivisions in Tajikistan with the local army, no doubt remains about what kind of force is impeding the victorious offensive of the opposition. Moscow clearly does not wish to be bogged down yet further in someone else's war. "We are repeating our bitter Afghan experience more and more, doing significant work for Tajiks of a different level," Boris Gromov believes. In the opinion of Andrey Kozyrev, it is impossible to resolve the Tajikistan problem by military means.

It is for just this reason that Moscow attempted to convince Dushanbe to sit down to the negotiating table with the opposition. Officially, the Tajik authorities expressed a willingness to conduct a dialogue with their foe. But, as NEZAVISIMAYA GAZETA has already reported, the authorities of Tajikistan consider unacceptable the conduct of negotiations with Akbar Turadzhonzoda, the former head Muslim of Tajikistan; Davlat Usmon, deputy chairman of the Islamic Revival Party; and other authoritative leaders of the opposition. But since it is exactly these people who are capable of coming to a decision, it remains unclear with whom the negotiations are to take place.

It should be noted for the sake of fairness that the opposition is also hardly likely to be ready for sincere dialogue. At least, all the experience of the already three-year-old conflict demonstrates that both sides are fundamentally incapable of compromise. At all previous negotiations the opponents, exchanging the traditional kiss, declared their readiness for peace, but the very next day, even more severe clashes broke out.

This situation is similar to the Afghan one. True, if in the neighboring country party affiliation generally coincides with national affiliation, then in Tajikistan it coincides with the regional. The experience of the southern neighbor bears witness to the fact that the war that began here is turning into a permanent one.

Moscow's position is hopeless—Russia has no money for the erection of a new frontier on its southern borders, and therefore it is compelled to remain in Tajikistan, increasingly burdened with someone else's war, which it does not

need. Russian diplomacy finds itself in zugzwang—any move it makes next is simply disadvantageous. Moscow's peacekeeping efforts are suffering fiasco. We remind the reader that in November of last year, Andrey Kozyrev had already unsuccessfully attempted to make peace between the hostile sides in Tajikistan. Bearing in mind that in other hot spots of the former USSR as well (in Abkhazia, for example), Moscow's intermediary initiatives have led not infrequently to the directly opposite result, Russian diplomacy is gaining the increasingly set image of a failure.

## POLITICAL AFFAIRS

### Election Law Outcome Deplored

944K0339A Kiev NEZAVISIMOST in Russian  
19 Nov 93 p 2

[Article by Lyubov Khazan, NEZAVISIMOST parliamentary observer: "If You Cross a Grass Snake and a Porcupine You End Up With Barbed Wire (Folk Wisdom)"]

[Text] Not daring to suspect the people's elect of dishonesty, that is, of sleight-of-hand, and especially during working time, while they are at their jobs, up to now it has been necessary to blame the lighted indicator board. With the persistence of a professional liar it has regularly shown a quorum when the hall was always half empty. There are no specialists to mend the mechanism, which has become an inveterate liar, and therefore the impudence of the electronic deceiver grows from session to session. One is especially struck by this when vitally important issues are being resolved. It has long been time to raise the question point blank: Who adopts laws in this country? Does it really never occur to the citizens who watch this tightrope walking on television every day that the adoption of laws to regulate their present and future life has been turned over to a brainless machine?

For instance, according to calculations of certain deputies, on 17 November there were in attendance in the session hall at best 130 of their colleagues, who cast their votes for a specific amendment to Article 24 of the draft law on elections. At the same time the indicator board illuminated the number 295, as a result of which the article along with the disputed amendment was considered adopted.

Article 24 interprets the rules for nominating candidate deputies, developing Article 8, "The Right to Nominate Candidate Deputies." The version of Article 8 adopted at the first reading says: "The right to nominate candidate deputies shall belong to citizens of Ukraine who have the right to vote, political parties, and electoral blocs." Brief and clear.

But during the preparations for the second reading demands were made: Add the words—"to the labor collectives." Without nomination through the labor collectives—to whom at one time the candidate lists were passed down after having been carefully verified in the Central Committee, oblast committees, city committees, and rayon committees, and now, apparently, will be passed down by their successors—the electoral law will not be considered either by entire deputy commissions of the Supreme Council (for example, the Commission on Questions of Ecology and Rational Utilization of Nature and the Commission on Questions of the Development of the Base Branches of the National Economy) or by individual deputies—V. Zhukov, I. Gopey, V. Chernenko, L. Svatkov, M. Potebenko, V. Slesarenko, or V. Kozarenko. To be fair, it must be admitted that the version of the article adopted in the first reading contradicts our antediluvian Constitution, which we continue to live by, common sense notwithstanding. A similar vicious circle (you cannot fulfill it and yet you cannot fail to fulfill it) was somehow broken in the majority of postcommunist countries so that people who would endlessly revive the system that was adapted to their personal needs would not be able to enter the new parliament.

Not one of the rational arguments of the opponents was heard by the majority, who again confirmed their sobriquet—"pro-communist." And in this case it played into the hands not only of the upstart Communist Party bosses but also the old nomenklatura, which today makes up the "party of power." To the reasonable arguments that the labor collectives gather people together not according to political orientation but according to occupational indicators, I. Plyushch responded: "Our society was structured in terms of labor collectives." Against the background of L. Kravchuk's recent statement of his desire to "rely" on the labor collectives, which, as we know, will by no means lead to increasing answerability for the political course that is taken, the unanimity of the "heads" of the Supreme Council seems like a completely articulated ideology of the "party of power" under the motto: "Give us back collectivization!"

The discussion of the second key article of the law—the 24th—produced a couple of moments of laughter. Some of these deputies are as human as anyone else and at the most despairing moments their sense of humor would suddenly break through. Deputies I. Makar and A. Shekhovtsov suggested including in Article 24 a supplement that develops the point about labor collectives: "On behalf of the labor collectives of enterprises, organizations, institutions, kolkhozes, and the military servicemen of military units, the right to nominate shall be granted, respectively, to the director, the chief of the city or rayon militia department, the chairman of the kolkhoz, or the commander of the military unit if the number of people subordinate to the aforementioned leaders is 300 or more. The nomination shall be effected by an order which shall be grounds for registration of the candidate by the district commission."

The method of reducing things to the absurd has been tested as a clear means of proving the opposite, but, alas, it has absolutely no effect on the logic of a person who deliberately reduces a matter to the absurd. The not unknown A. Kotsyuba tried to do this in his amendment. It was preelection procedures, written down in minute detail, for "collectives of vocational and technical, secondary specialized, and higher educational institutions," and also "rural, village, street, block, precinct, and building committees," and also "meetings of military servicemen that are convened by the command of military units," and also "congresses, conferences, plenums, and general meetings of oblast, rayon, city, and rayon-in-city organs of public organizations or associations."

There is nothing surprising about the fact that members of the Commission on Legislation and Legality do not trust its chairman A. Kotsyuba to report on the draft laws they have developed. As a rule, this is done by his sober-minded deputy, A. Tkachuk. Standing at the podium, this time too he patiently exhorted the deputies to adopt the compromise version from the commission, but at some point even his nerves gave out. Interrupting his defense of the draft law after the vote on the point that encroaches upon the interests of the electoral system of the parties, which had been placed on the back burner anyway, A. Tkachuk left the podium and after him members of Narodnaya Rada left the meeting hall too. It was finally clear: The electoral law had lost.

And then something absolutely ridiculous occurred. Having consulted briefly in the corridors, Narodnaya Rada entered



the hall in an organized way and began to pull out of the voting system the cards of the deputies who were absent who, as a rule, were manipulated by the majority. Defending the other people's cards that had been entrusted to them, the people's deputies heaped abuse on the Narodnaya Rada members and even shoved them painfully. But the action had an effect: I. Plyushch had to suspend the discussion of the law and joyfully announced that finally there was an opportunity to move on to the section called "miscellaneous," for which they had not had time for several months. This made it possible for the people's deputies who had recovered from the shock to use the podium, including S. Ostroshchenko, whose quick actions to hide the extra cards were witnessed by journalists from the balcony. She angrily reviled the Narodnaya Rada for their "act of hooliganism."

As we can now see, the indicator board is absolutely no good at all. The modern electronic equipment, like, incidentally, everything else in this country, has been placed in the service of hypocrisy and hysterics, which ruled our parents and which wants to rule our children. The attempt to create a compromise version of the electoral law did not lead to anything good. The draft law began to remind one of the result of an experiment crossing a grass snake and a porcupine, which produced barbed wire as their offspring. The best thing normal people—the deputies—could do in this situation was leave the Supreme Council without the slightest regret. Then they would not have to explain to their grandchildren why any of their labor was invested in shock-work production of linear meters of barbed wire per capita.

### Opposing Views on Election Law Given

944K0349A Kiev PRAVDA UKRAINY in Russian  
23 Nov 93 p 1

[Report on interview with Vyacheslav Chornovil, the founder of Rukh, and Aleksandr Kotsyuba, deputy in the Ukrainian parliament and member of the Politburo of the Communist Party of Ukraine, by Vadim Fomenko; place and date not given: "Passions about Power; The Law on Elections: Who Wants To Stifle This Newborn in Its Cradle, and Why?"]

[Text] It is not difficult to answer "Who?" It is sufficient to become acquainted with the statement that was made with enviable speed by Rukh immediately on the day the new electoral law was passed by the Supreme Council. Right after this, Rukh's leader gave a collective interview to journalists. And so...

### Opinion of Vyacheslav Chornovil

He was outraged to the depths of his soul by the fact that the "autocratic regime of Ukraine" had blocked an opportunity to hold the first parliamentary elections in an independent Ukraine on a multiparty basis.

"The course of the adoption of the law on elections to the Supreme Council," noted Mr. Chornovil, "showed that the lobby of the party of power, rejecting an opportunity for the political structuralization of society, and the election of a structured, responsible legislative organ, equated the role of political parties in the electoral process with state organizations and enterprises. Thus, the essence of the old law of the totalitarian-communist system has been fully preserved. Ukraine remains the last little island of red autocracy in

Europe. Democracy and the rule-of-law state are being changed. The authorities are continuing to lead the state from darkness to nowhere."

As in the old communist times, asserts V. Chornovil, the nomenklatura's favorite system of nominating candidates for deputy from labor collectives that have no legal rights and are entirely dependent on the administration came to the forefront. If you add complete control by the powers that be over the mass media and all-round support of the "party of power" on the part of the soviets and presidential structures, then the March 1994 elections cannot be called either multiparty or free. The new law is made use of first and foremost by the former communist nomenklatura and mafia structures associated with it that, as in 1990, worm their way into the Supreme Council on demagogic promises. If, of course, as a result of the catastrophic disintegration of the economy, Ukraine survives until these elections.

The leader of the opposition is of the opinion that the Kravchuk-Zvyahilskyy government is carrying out a diversion aimed at the disintegration of the economy and the state.

"I reject the naive attempts at finding positive aspects to the activity of the nomenklatura of the team of Ivashko-Gurenko-Kravchuk-Plyushch. They viewed the declaration on the state sovereignty of Ukraine, which was adopted after Russia, as an optional propagandistic piece of paper, and accepted the Act of the Declaration of Independence of Ukraine and certain laws aimed at its development out of fear of having to answer for direct or indirect participation in the communist putsch of 19 August 1991."

"Unfortunately," the Rukh leader asserts, "a majority of the Supreme Council did not take their last opportunity to go down in history with honor. It adopted the law on elections, which in its reactionary nature has no analogues in the postcommunist states of Europe and makes us a laughing stock in the eyes of the civilized world. It actually conserves the old Soviet electoral system, cancels out the principles of political pluralism and a multiparty system with the help of "independent" deputies, manipulates the labor collectives, and paves the way to a future parliament and government of the nomenklatura 'party of power'—the party of Plyushch-Kravchuk."

While speaking to journalists, Mr. Chornovil emphasized in every way that he is moved only by concern for the good of Ukraine and the development of democracy, nothing more. As is sung in the old patriotic song, "as long as there is my mother country, and there are no other concerns." But is this the case? Really, will the new law almost copy the old, and will it inevitably lead to a complete crash? In order to analyze this objectively, it is necessary to know the views of the opposite side also, of those who prepared this law and, most of all, the reasons of the member of the Presidium of the Supreme Council, the chairman of the parliamentary commission for questions on legislation and legality. Thus...

### Opinion of Aleksandr Kotsyuba

"First of all, I would like to ask the Rukh leader: If the last law on elections was that unfit and antidemocratic, then how did Chornovil himself and his whole group of fellow-thinkers—irreconcilable opponents of the authorities of that time—get into the Supreme Council? As for the demagogic

promises on which, as V. Chornovil asserts, the 'communist nomenklatura got into parliament,' here, as an eastern fable says, 'is it not better to manage by oneself?' After all, during the election campaign this entire group took an oath of loyalty to Soviet authority, promising to strengthen it. But, in fact... Indeed, as eastern wisdom says, people who live in glass houses should not throw stones.

"By the way, this is so. In order to answer the accusations of my opponents, it is not passion that is necessary, but arguments, not emotions, but sailing instructions and a navigational map to help the navigator set the course more accurately.

"Thus, if only one amendment was made to the last law—about the fact that the future parliament should be professional and permanently acting—then this would show one thing, how the essence of this law has changed. But, after all, there are more than 50 such amendments! They include the qualification of types of elections adopted for the first time (emergency, special, and repeat), the collection of signatures before the nomination of candidates, prohibition of the election to parliament of servicemen, representatives of the president, judges, and procurators and of the right of parties to work on electoral commissions, and a new procedure for financing election campaigns in which the candidates themselves participate. But surely the innovation will be useful whereby the elections are considered held if more than 50 percent of the voters in a given district participate, and a candidate will be considered elected if he receives more than 25 percent of the votes of all of the voters and takes the lead over all the other candidates.

"I will not enumerate all the changes. You see a chart before me that compares the current and former law, and it is literally interspersed with amendments. But why does Chornovil, who also has this chart, say black for white?

"But, of course, the leader of Rukh and other members of People's Council can say that these are all trivial details, and, they will say, the main thing is that the law did not undergo changes: The majority system remains as it was. Yes, this is so. However, why must we operate according to the principle 'Although it is worse, I want something different'? But the main thing is why trample on the system?

"Although a lot of material has been printed in the press lately that explains the essence of the election systems that exist in the world, I am not confident that everyone understood them. Therefore, it will not hurt to repeat this: While under the majority system, that is, the former system we were used to, the voters of one district vote for one specific candidate, under a proportional system they vote not for a specific person but for a political party. And we already have, thank God, 31! Now imagine that an old woman from a collective farm comes to an electoral precinct and, in addition to one ballot, they give her a second. Choose, they say, which party you like: Liberal, Democratic or Liberal-Democratic, Socialist or Social-Democratic, the Democratic Renewal Party of Ukraine, or the Economic and Spiritual Renewal Party of Ukraine. What do you think, will the old woman be able to distinguish one from the other and make a correct choice?

"We are reproached, they say, because the socialist-communists are clinging to the past law, to the majority system, in order not to give the parties a chance. But why

does V. Chornovil not want to understand that it is parties of a left-wing orientation that would win from a proportional system most of all—after all, in the Communist Party of Ukraine alone there are more than 120,000 persons, while Rukh has 57,000. And if we did not support 'proportionality,' it is a result of the fact that such a vote for a cat in the bag could disrupt the elections altogether.

"My respected opponent is also being dishonest as regards the majority system not being good at all, that it is the invention of the red devil, and that many countries are diverging from it. On the contrary. France and Italy have gone over to the majority system, Israel is preparing to do so, and it was given preference long ago by England, Canada, Australia, New Zealand, the South African Republic, and the United States. Perhaps they all did this under the pressure of totalitarian-communist autocracy?

"As for the proportional system, it has taken root only in countries with extensive parliamentary traditions and a high level of political culture of the population (Austria, Belgium, Denmark, Norway, and Sweden). But we, alas, cannot brag of this culture. And not only we. Also those postcommunist countries that V. Chornovil is emphasizing, like Poland, have already experienced much sorrow from this system.

"Then why are the Rukh followers fighting for it so much? The explanation is quite simple: The parties are conducting a desperate fight for power and are trying to make it easier to get into parliament. And this is what is curious. When at one time the CPSU compiled a list of 100 of its members who became deputies of the USSR Supreme Soviet with an assault rifle, today's democrats condemned this angrily. And they were right. But when it got hot for them, then they did not shun seeking out similar roundabout loopholes. So, it is not necessary to confuse the issue: People see everything, and understand everything."

#### The Opinion of the Columnist

I do not intend, and indeed it does not become a political correspondent, to be an arbitrator and sum up the dispute of two parliamentarians in absentia. But, then, I have not only a right but an obligation to share my thoughts regarding the new law and, mainly, to communicate my opinion to the readers.

I will say right off: Of course, V. Chornovil is right in some respects. Really, our parties are very much in need of support—they are still weak. Here is official information on this score. On registration day in 1990 the Republican Party numbered 12,000 persons, and today... also 12,000. The Democratic Party in 1991 united 2,753 members, and in 1993—3,000. The PDVU [Ukrainian Democratic Revival Party] membership was 2,451 persons, and now—1,800.

But the question arises, how can the parties grow and get strong if they do not enter the election campaign? Will a person learn how to swim by studying swimming only on land? Will a boxer learn how to win by working only with a punching bag? And, then, no one will disconcert voters with a list of 31 parties. After all, if you establish, as was proposed by the Rukh leader, the voter qualifications of 100,000 signatures, this barrier could be surmounted by at most three to four parties. Then why not take the risk? Will the

30-40 seats left for the interparty struggle really damage the majority system and substantially influence the climate in the future parliament?

Chornovil is also right in the fact that it is improper to place a political party in the same rank as an *artel* that numbers 10 persons. After all, it, like a party, after collecting 300 signatures, can unleash a political campaign. Indeed, the role of labor collectives is also well known: No matter what you say, the one the director points to is the one who will be nominated.

On the other hand, A. Kotsyuba's convincing reasoning also has its own blank spots. Of course, Chornovil, together with other national-democrats, are desperately fighting for power. But ~~are~~ their opponents in parliament, the so-called "party of power," (although I resolutely do not accept such a designation) really not engaging in the same thing? Will they really surrender their chairs without a fight. After all, so many reasonable arguments were cited in favor of a reduction in the number of deputies (this, in particular, was demanded by many of our readers in their letters), but the number 450 remained unshakeable. Why? The secret is simple: If you reduce the number of deputies, it will be necessary to consolidate districts, strangers will be added to their own voters, and their trust will still have to be won. And here is another feature: Despite the persuasive arguments, it was decided not to permit into parliament people who are less than 25 years of age. They are young, they are zealous, and they also can press...

Nevertheless, I cannot take the position of Chornovil, with all due respect to his impetuous energy. First of all, it is not simply impetuous but explosive. Indeed, even if the Law on Elections is imperfect, the law is the law, as they say. And to undermine faith in it means to sow discord and incite the people to turn away from elections and vote with their feet. But then to say, when many millions in resources are tossed to the winds: "I warned you!" No matter what you say, it is comfortable to be an eternal oppositionist. Only... To indicate, of course, is easy, but when all a person's fingers are index fingers, his hands do not get dirty from work...

It was noted a long time ago: The less economics there is, the more politics there is. The current election campaign has already been dubbed an election marathon. Only it will be a double marathon: Immediately after the elections to parliament, the presidential elections will begin. Imagine how society is being stirred up for these six months! And why stir it up even more? Who gains from this? Foreseeing the stormy situation, Rukh borrowed tactics from the communists whom they "love ardently": Just like the 27th Congress of the Ukrainian Communist Party, they decided to hold their fifth congress in two stages—the first in December, the second in April, and Chornovil is absolutely determined to take revenge on Kravchuk for the past defeat.

But for the time being Rukh is saving its strength. Protesting against the Law on Elections, its leader declared that there is nothing for him to do in a demoralized parliament, that he is walking out of plenary meetings, and that he is calling on other democrat deputies to follow his example. I do not know how many parliamentarians will support his initiative, except that the initiative on "dissociation" does not

belong to him. This was done much earlier for the first time by Stanyslav Gurenko, the former leader of the Communist Party of Ukraine.

### Bukovina Polled on Political Attitudes

944K0338A Kiev GOLOS UKRAINY in Russian  
25 Nov 93 p 8

[Interview with Doctor of Philosophical Sciences Dmitry Turchenkov, director of the Chernovtsy Sociological Center, by David Nemirovskiy, freelance correspondent; place and date not given: "Do We Deserve What We Have? The Residents of Bukovina Answer This and Other Questions"]

[Text] Now, just before the election campaign, the question of the new parliament is especially acute. What kind should it be? How do our contemporaries in Bukovina see today's political and economic situation? What is their view on the formation of statehood?

The Chernovtsy Sociological Center addressed these and other questions to its respondents. D. Nemirovskiy, our freelance correspondent, asked Doctor of Philosophical Sciences Dmitry Turchenkov, the director of the center, to comment on the sociological surveys that were conducted recently.

[Nemirovskiy] In what kind of state would the residents of Bukovina like to live?

[Turchenkov] About half of those polled supported Ukraine's becoming a unitary (united) state. About one-third are supporters of a federative structure. It is difficult for one-fifth to answer affirmatively. Most of the adherents of a unitary state are persons with an incomplete secondary education, and of a federative state—students and persons with a higher education.

[Nemirovskiy] It seems the higher the education, the fewer the supporters of a unitary state?

[Turchenkov] In the research under consideration, this is actually the case. But level of education cannot always serve as an indicator of the correctness and especially of the professional understanding of today's situation. Moreover, the idea of a free economic zone, which is supported by a majority of Bukovina residents, is identified with federalization. It cannot be ruled out that some persons who gave this answer see before them a standard of living in federative states (in particular the FRG), but not at all the structure and mechanism of the state system.

[Nemirovskiy] Many people's deputies do not consider it necessary to consult with the people on the question of what the social structure should be in the Ukrainian state. But what do the people think?

[Turchenkov] The smallest number of those polled supported a socialist system of the USSR type (about 18 percent). Almost twice as many were for the capitalist system. Thirty-six percent think that Ukraine must find its own path.

[Nemirovskiy] What do Bukovina residents see as the form of state government and the structure of parliament?

[Turchenkov] More than half of those polled (scientists, activists of movements, parties, and societies, officials of



executive committees, and others) think that there should be a presidential-parliamentary government in Ukraine. About one-fourth are for a presidential government, and a little more than one-tenth are for a parliamentary government.

The selection of the presidential-parliamentary form is conditioned most of all by an understanding of the need for the harmonious cooperation of the president and the parliament as a counterweight to authoritarianism of the president and disorder in parliament. Unfortunately, only individual legislators have achieved the appropriate, constructive level of approach to the resolution of important state questions.

As for the structure of parliament, about two-thirds of the respondents are for a two-chamber parliament. It is doubtful that there is a desire to see a chamber of nationalities in a parliament that is associated only with the inertia of political thinking. At this stage—the transition to a democratic rule-of-law state—citizens of a minor nationality associate the opportunity to better defend their rights with this chamber.

[Nemirovskiy] The question of the quality of life and protection of the interests of the people is also primary for both the people and the state. What do the residents of Bukovina think about this?

[Turchenkov] Analysis of answers to the question about what prevents them from living better shows that people think that the higher organs of authority are to blame: The necessary laws are not adopted, or those that are adopted are imperfect (55 percent), a government program to get out of the crisis has not been elaborated (53.3 percent), and criminals and the mafia have not been restrained (52.4 percent). Almost one-fourth of those polled blame insufficiently competent personnel for this.

We surveyed public opinion concerning the numerical strength of the enforcement staffs and some administrative structures. Of those polled, 45.9 percent were for a reduction in the numerical strength of the Armed Forces of Ukraine.

[Nemirovskiy] What is this—criminal flippancy or state wisdom?

[Turchenkov] It is no secret that the Armed Forces of Ukraine are the largest in Europe, not including the Russian Federation, of course. According to the norms that are now generally accepted in the civilized world, the numerical strength of the army should amount to 0.7-0.8 percent of the country's population, and total military expenditures—to 1-3 percent of the gross domestic product of the state.

Thus, both the professionalism of the parliamentarians and the competence of the voters are necessary in the formation of statehood. Do we deserve the parliament that we have?

Of course. During election discussions we must look into not only the declarations but also the degree of professionalism of future representatives, their probity, and a number of other personal characteristics. In order not to err, not to elect people for whom the parliament is a political ring. Representatives like this will only assign the people the role of a boxer's "punching bag" that they beat up, while fighting for a prize spot...

### **Plyushch Sums Up Results of Czech Visit**

944K0337A Kiev GOLOS UKRAINY in Russian  
25 Nov 93 p 2

[Interview with I.S. Plyushch, chairman of the Supreme Council of Ukraine, by unidentified correspondent of the Press Center of the Supreme Council of Ukraine; place and date not given: "The Visit to Czech Republic Was Short, But Useful"]

[Text] A Ukrainian delegation headed by Chairman of the Supreme Council of Ukraine I.S. Plyushch, which was in the Czech Republic for two days, returned to Kiev late in the evening on 23 November.

A meeting was held on the second day with Vaclav Havel, president of the Czech Republic. Pressing questions on the future development of Ukraine-Czech relations were discussed, and also some international policy problems.

The meeting with Prime Minister Vaclav Havel was long. Questions were raised during the meeting concerning economic reforms and intensification of economic relations between our countries.

Members of the delegation also visited the Ministry of Administration of National Property and Privatization and the National Bank of the Czech Republic, where they became acquainted with practical work in the implementation of economic reforms.

I.S. Plyushch talked about the results of this short visit in an interview after the conclusion of the meeting with the Czech leaders.

[Correspondent] Undoubtedly, a priority of the visit of our delegation to the Czech Republic was the study of the experience of economic reforms in this young state. What can Ukraine adopt from their experience?

[Plyushch] While familiarizing ourselves with the practice of various countries in the conduct of economic reforms, we should allude to the German miracle, whose author was Ludwig Erhard. Many of us, including deputies, read his book "Prosperity for Everyone." Afterwards, the name of Vaclav Klaus, a well-known economist of Czechoslovakia who is now prime minister of the Czech Republic, appeared on the pages of newspapers and in other mass media and business circles.

I am grateful to Roman Lubkivskyy, our ambassador to the Czech Republic. He was able to compress the program for the visit for these two days in such a way that somewhere in the course of 14 hours we met with prominent economists and specialists.

It would seem that we did not learn anything that was especially new. But we saw one interesting thing. We have gotten accustomed to thinking that two conditions are necessary for the successful conduct of reforms.

The first is concord and political stability in society. And the second is a government that would take on this difficult burden. But we convinced ourselves in the Czech Republic that there was a third compulsory condition—the financial stability of the state. We met with opponents to Klaus, left-wing and right-wing, whose positions are not identical, but today all of them also confirm the compulsory nature of these three conditions.

I will cite this example. We are in the chamber of parliament, and we say outside its confines that the main reason for the crisis is the slump in production, which we permitted in the last three years. But, as it turned out, the level of the drop in production in Ukraine and the Czech Republic are almost identical. And they are not clamoring there that this is the main trouble. The fact is that they have regulated the level of production and wages and real incomes of the population and the level of inflation. This contributes to the fact that, although the people today receive a small amount of money on the average, this is real money with which it is possible to a certain degree to provide the consumer basket about which we frequently speak.

In explaining the basic forms and principles of conducting economic reforms today, it can be said: There are no alternatives for Ukraine. Our delegation became convinced of this as well. We were also frankly told this truth by specialists at such a level as Vaclav Klaus. Therefore, only one thing remains: To explain this to the people intelligibly and find the kind of team in Ukraine that will take this burden on its shoulders—to put reforms into effect. There is no other way. We were persuaded on the basis of the Czech experience that there is a possibility of stabilizing and improving the situation in Ukraine within a year.

[Correspondent] Your meeting today with the prime minister of the Czech Republic lasted three times longer than planned. You also had a meeting with the president of the Czech Republic. What kind of problems were discussed?

[Plyushch] We touched mainly on political problems with President of the Czech Republic Vaclav Havel. In particular, problems of elaborating a mechanism of collective security in Europe. This is the first thing. And the second is a continuation of interstate contacts, in the humanitarian and cultural spheres, where not enough is being done yet, and in other spheres of our life. But this was mainly an exchange of opinions on the general theme of intensifying interstate relations.

The meeting with the prime minister was different in content. It started with the fact that I asked whether he knew about the situation that had developed in the Ukrainian economy. He answered that he knew little about the situation in Ukraine, but that he was in Romania recently. I asked him to share his impressions, inasmuch as our economy has many ailments in common with Romania and common reasons for the crisis situation.

When we began to examine the main positions and rules of transition from an administrative command method to a civilized method of production, it became clear that there were mandatory rules.

In a word, an objective and professional discussion commenced that lasted an hour and a half. We concluded it with an agreement that Vaclav Klaus will make a trip to Ukraine and, after becoming more closely familiar with the situation, will assist in critical cooperation on a ministerial and departmental level in elaborating our, Ukrainian, mechanism of reforms, but mainly—putting them into effect.

[Correspondent] Was there discussion in Prague of President of Ukraine Leonid Kravchuk's idea regarding the convocation of an international conference that would sum up and put an end to the cold war period in Europe?

[Plyushch] I mentioned this idea during the meetings, in particular with the president, when we were talking about the international situation. I proposed to the Czech leaders that they support us and adopt a common platform. The idea itself was not declined, and it is understood. But the Czechs have a somewhat different vision of the mechanism of collective security. They have their own peculiarities. Therefore, this problem has to be examined in future bilateral and multilateral negotiations.

[Correspondent] There was practically not even one meeting where specific questions were not asked in connection with the ratification by the Supreme Council of Ukraine of the START I Treaty. How, in your opinion, does the Czech Republic regard this event?

[Plyushch] According to the nature of the questions, it could be understood that they are treating this normally. Unfortunately, the usual supercharging is underway in some political spheres and in the mass media that, they say, we ratified with observations and additions. We did not add anything. It should be kept in mind that the START I Treaty and the Lisbon Protocol were concluded between the United States and the former Soviet Union.

And none of these reservations and conditions expressed during ratification and recorded in the decree violate the concluded agreements. But inasmuch as we have become a subject of the treaty, we have a right to express our observations.

#### **Insufficient Airing of START Issues Seen**

944K0336A Kiev NEZAVISIMOST in Russian  
24 Nov 93 p 2

[Article by Lyubov Khazan, parliamentary observer for NEZAVISIMOST: "A START That Keeps Us From the Finish?"]

[Text] *What will happen if Ukraine becomes a nuclear power?*

*The first answer: Nothing good, this will weaken it not only politically but also economically and even militarily.*

*Second answer: People will have to take us seriously, give us economic assistance, nobody will dare encroach on our territory.*

The second version of the answer is very popular among the deputies. And, as is shown by the results of a recent sociological poll conducted by the Democratic Initiatives center in conjunction with the Institute of Sociology, a considerable portion of the population of Ukraine—45.3 percent—thinks that under conditions where there are territorial claims on Ukraine it is necessary to maintain the status of a nuclear power. This is at a time when Ukrainian politicians are trying to explain to the world that Ukraine cannot be considered either a nuclear or a nonnuclear state, that its status is special if not unique: "a state that owns nuclear weapons."

The question of nuclear weapons and after it the question of the nuclear status as well have been widely discussed for no less than a year and a half. But not in our country but abroad.

Certain bits of information have reached us but, as a rule, a total picture has not been formed from them. One can

reproach our journalists, who have not been persistent enough in gathering materials and organizing broad discussions among the readers concerning one of the most important issues of the future of the state. But one cannot but note that statesmen who are seriously working on this problem have contributed nothing to clarifying its numerous aspects.

One wonders if the 45.3 percent who were supposed to be in favor of the nuclear status were familiar with the arguments, for example, of the scientific director of the Center for Science and International Problems at the Kennedy School of State Administration at Harvard University, Stephen Miller. Possibly some could regard them as ordinary American agitation from an individual who has placed in the foreground the interests of his own nuclear power and does not want any competitors. But perhaps at least some of his arguments could cause a person to think. Here is what he writes, for example, about the economic inexpediency: "If Ukraine wanted to become a medium-sized nuclear power, for example, at the level of Great Britain and France, it would have to spend no less than \$3-5 billion a year on its nuclear arsenal." Such waste seems absolutely unacceptable, especially on the threshold of preparations within the Supreme Council, the Cabinet of Ministers, and the presidential structures of a decision to declare an economic state of emergency.

Both Stephen Miller and other of his colleagues also have many arguments against Ukraine's acquiring a nuclear status. Just as, obviously, their opponents have many counterarguments. But only a microscopic part of the information reaches us.

Not by our will but because of historical circumstances, Ukraine has come to possess the property of strategic and tactical nuclear forces, including nuclear warheads. In principle, one could reject this dangerous legacy by agreeing, say, with the aforementioned arguments and weighing the technical possibilities of servicing the rockets and also the level of disrepair of a certain part of them. That is probably what our government was thinking when on 23 May 1992 it signed the Lisbon Protocol, by which Ukraine, Russia, Belarus, and Kazakhstan confirmed their intention to ratify START I, concluded between the USSR and the United States on 31 July 1991. Article V of the Lisbon Protocol envisions Ukraine's joining the Nuclear Arms Nonproliferation Treaty as a nonnuclear state. As the nuclear appetites of our parliamentary hawks (this definition is just as conventional as the other—"nonnuclear doves," of which there are only a few left in parliament) grew, they determined that this was the key article since it reinforces the nonnuclear status. Having ripened for a year and a half before the adoption of the decree on START I and the Lisbon Protocol, in a separate point the Supreme Council wrote: "Ukraine does not consider Article V of the Lisbon Protocol mandatory for itself."

The impression that with this point Ukraine declared itself a nuclear state is deceptive. A nuclear state is not one whose territory nuclear silos filled with the corresponding materials are located, but one that is capable of providing an immense quantity of components of the nuclear complex. As if recognizing that Ukraine does not have the necessary set of equipment and will not have it in the foreseeable future, the decree of the Supreme Council of 18 November does not insist on a nuclear status. And six of its 13 points

seem to be about the same thing: Ukraine is prepared for reduction with subsequent destruction of 30 percent of its carriers and 42 percent of its warheads. But with stipulations for the guarantee of its national security by nuclear powers, international technical and financial aid, return of the components of the nuclear weapons to Ukraine after disassembly or compensation for their value, and also compensation for tactical nuclear weapons that were already shipped to Russia a year ago.

Diplomats know that ratification of a treaty is considered to be complete only after the parties exchange ratified certificates. In the concluding part of the decree of the Supreme Council of 18 November it is stated directly that Ukraine will conduct the exchange of ratification certificates only after the conditions outlined in the decree are met. And both deputies and observers are skeptical about these conditions; some of them are not laid out concretely enough, for others sums are demanded which hardly anyone would give, and so forth and so on.

In the West, however, there is the opinion that Ukraine is essentially putting off a final solution to the problem, counting on establishing operational control over the nuclear weapons. But that, in the opinion of experts, would take about two years.

It is surprising that neither the presidential structures nor the Ministry of Internal Affairs workers, which have a special viewpoint of the essence and form of the agreements that have been signed which is different from that of the people's deputies, has exerted sufficient effort to clarify their position to the people, that is, to the voters, and through them—to the elected representatives. At least if such a discussion were held it could help to develop an informed choice. It is hardly worthwhile to keep secret something that has not been a secret abroad for a long time. If only this does not conceal a desire not to fully manifest their real intentions.

#### Durdynets on Denuclearization Process

944K0335A Kiev GOLOS UKRAINY in Russian  
24 Nov 93 p 2

[Report on speech by Vasiliy Durdynets, first deputy chairman of the Supreme Council of Ukraine, at plenary session on 18 November 1993: "The Difficult Path of Denuclearization"]

[Text] In his speech V.V. Durdynets said that since June of this year, after preliminary consideration at the plenary session of the question of ratification of the Treaty on Reduction and Elimination of Strategic Offensive Weapons and the Lisbon Protocol to it, the commissions of the Supreme Council of Ukraine and the temporary deputy work group continued their active preparatory work for further discussion of these crucial documents at the session as well as their development of practical conclusions and recommendations.

All the people's deputies had an opportunity to become familiar with the content and nature of the treaty and also documents that are constituent parts of it, and on the whole they clarified the issues that were disturbing them. There were meetings of a number of permanent commissions of the Supreme Council of Ukraine regarding this problem and also joint meetings of several commissions.



V.V. Durdynets emphasized that during the past period there had been in-depth comprehensive study of the aforementioned documents taking into account, above all, the interests of the national security of Ukraine. From its results a draft decree of the Supreme Council of Ukraine was prepared, in which we strove to take into account as much as possible the opinions, proposals, and remarks expressed by the people's deputies.

In heated discussions of fundamental problems related to the Treaty on Reduction and Elimination of Strategic Offensive Weapons, especially at several joint sessions involving the participation of representatives of the government, the Ministry of Defense, the Ministry of Internal Affairs, and other departments as well as experts, the prevailing opinion was that Ukraine should ratify the treaty, which would correspond to its strategic course toward the acquisition of a nonnuclear status in the future, which was proclaimed even in the Declaration of State Sovereignty of Ukraine of 16 July 1990 and confirmed in subsequent documents of the Supreme Council of Ukraine.

V.V. Durdynets suggested ratifying the Treaty and the Lisbon Protocol (except Article V) with specific provisos to it and the documents that are constituent parts of it and reflect the content and nature of hard preparatory work.

**First.** According to the Vienna Convention on Legal Succession regarding state property, state archives, and state debts, and the Law of Ukraine "On Enterprises, Institutions, and Organizations under Union Jurisdiction Located on the Territory of Ukraine," all property of strategic and tactical forces located on the territory of Ukraine, including nuclear warheads, is the state property of Ukraine.

**Second.** As it gradually gets rid of the nuclear weapons located on its territory, Ukraine must obtain reliable international guarantees of its national security, which can be granted by nuclear states of the world, and above all the United States and Russia. These guarantees were discussed repeatedly, including during the preliminary consideration of this issue by the Supreme Council. But since no acceptable solution to this problem has been found by the corresponding states yet, it was deemed necessary to focus on it in the provisos, for this has to do with Ukraine's sovereignty and its territorial integrity.

Having experienced the fatal consequences of the Chernobyl disaster, Ukraine recognizes its high degree of responsibility to the peoples of the world to make sure that nuclear war never begins on the Ukrainian land, and it will take the proper measures to prevent the use of the nuclear weapons located on its territory. But, in turn, it is our firm and consistent conviction that the nuclear states of the world must also take on clearcut and specific responsibilities, above all with the following content:

- never to use nuclear weapons against Ukraine;
- not to use conventional armed forces against it and not to resort to the threat of force;
- to respect the territorial integrity and inviolability of the borders of Ukraine;
- to refrain from using economic pressure in order to resolve any disputed issues.

We have every justification for raising these issues before the nuclear states and the world community when taking the next step—continuation of the process of nuclear disarmament. And we hope that in the near future we will make further appreciable progress in the practical solution of the problems that have been touched upon. The intentions, promises, and assurances of political figures and the prepared draft texts of guarantees from the nuclear states were deemed inadequate. Therefore it was suggested that the government find a solution to this problem in the form of an authorized joint document prepared on a multilateral basis.

**Third.** The draft decree of the Supreme Council of Ukraine clearly determines that Ukraine is fulfilling its obligations under the treaty within the time periods envisioned for them. That is, based on the legal, technical, financial, organizational, and other capabilities, and with the appropriate insurance of nuclear and ecological safety.

V.V. Durdynets recalled that Ukraine was not the initiator of the adoption of decisions that led to the location on its territory of one-third of the capacities of the strategic nuclear missile grouping in the world. But at the same time the people of Ukraine were forced to finance the nuclear arms race of the former Union at the expense of their own well-being and economic development.

Even at the preliminary hearings of this issue it was emphasized that we have every right to count on real aid from the international community in destroying these weapons, aid that is equal to our expenditures. And we say honestly and openly once again that Ukraine can fulfill these obligations only with adequate broad international financial and technical support. After all, these are immense expenditures which are beyond our capabilities today.

**Fourth.** A unique situation has developed today—for the first time in world practice a state that has the right to be nuclear is voluntarily taking the path of achieving a nonnuclear status in the future.

When making this extremely important decision today, V.V. Durdynets emphasized, we must proceed from an understanding of the special position in which Ukraine found itself after the collapse of the former USSR and the proclamation of its intention to become a nonnuclear state in the future. We must recognize that our state became the owner of nuclear weapons inherited from the former Soviet Union. Because of these circumstances Ukraine has administrative control over the strategic nuclear forces on its territory, but we do not have operational control; in other words, although we have actual possession of the nuclear weapons and are their owner, Ukraine is not disposing of and not using these weapons. That is, in the pure, classical form, as of today Ukraine cannot be regarded as a nuclear state.

We must clearly determine who we are and what our policy and position are relative to joining the Nuclear Nonproliferation Treaty (DNYaO). We must discuss this in the decree but not deprive ourselves of the opportunity to join this treaty in the future. The Nuclear Nonproliferation Treaty was formed for purely nuclear states and purely nonnuclear states, and not for states that have inherited nuclear weapons and taken possession of them.

V.V. Durdynets went on to express his attitude toward point 6, since the most heated debate arose around it. We have continued to search for the optimal version, he said, which would determine the parameters of reductions with subsequent destruction of strategic offensive weapons located on the territory of Ukraine according to the treaty and Article II of the Lisbon Protocol.

The majority of deputies who participated in the sessions insisted on the precise wording that was included in the final text of the draft. In so doing they pointed out that the Supreme Council must clearly determine precisely what will be reduced in Ukraine according to the treaty. The figures given in the text adopted by the commissions establish for Ukraine the same norm for reducing strategic offensive weapons as was determined in the treaty for all of the former USSR.

V.V. Durdynets noted especially that the conditions for compensation for the components extend to both strategic weapons and the tactical nuclear weapons that were shipped out of Ukraine to Russia in 1992.

Understandably, not all the questions touched upon are now in the stage of resolution or the development of a solution acceptable to Ukraine. Thus, evaluating the situation in a sober and measured way, said V.V. Durdynets, we propose making the proviso that Ukraine will exchange ratification certificates only after the indicated conditions have been met.

V.V. Durdynets emphasized that Ukraine is counting on receiving reliable guarantees of its national security, mutual reduction and restriction of strategic offensive weapons in keeping with the treaty, direct control by Ukraine of the dismantling and destruction of nuclear warheads, and the development in a separate agreement of a mechanism for returning components of nuclear warheads to be used in Ukraine for peaceful purposes or compensation for their value, and negotiations and consultations with the corresponding states and international organizations.

We declare, emphasized V.V. Durdynets, that in the future we will work on implementing our peace-loving course in a balanced and consistent way in the future. We hope that the world community will accept our decisions and our intentions with understanding.

## ECONOMIC AFFAIRS

### Decree on Urgent Measures for Development of Air Transportation by Business-Class Aircraft

944K0297A Kiev URYADOVYY KURYER  
in Ukrainian 14 Oct 93 p 2

[Decree No 840, issued on 7 October 1993; place not given: "On Top-Priority Measures for Developing Air-Transport Hauls in Ukraine, Using Business-Class Aircraft"]

[Text] In order to further develop air-transport hauls in Ukraine, using business-class aircraft, the Ukrainian Cabinet of Ministers hereby decrees the following:

1. The Ministry of Transport shall perform the following tasks:

with the participation of the appropriate oblast-level state administrations, resolve the issues connected with creating sectors for providing services to passengers and assigning

layover and parking facilities to business-class aircraft (airports), stemming from the need to satisfy to the maximum extent possible the passengers' needs and requirements. This shall be accomplished, in particular, prior to 1 November 1993 at the Borispol International State Airport, and prior to 1 January 1994 at Class 1-4 airports;

designate and specify prior to 1 December 1993 the procedure for permitting business-class aircraft to conduct air-transport hauls, as well as their planning, servicing, provision of information, and monitoring controls for carrying out such hauls;

with the agreement and consent of the Ministry of the Economy and the Ministry of Finance, designate and specify prior to 20 October 1993 the scope and procedure for collecting fees for providing these services and carrying out these hauls, including those for persons in very high positions (passengers in the VIP category), who avail themselves of such transport provisions for the general good of the society as a whole.

The State Committee for Safeguarding the Ukrainian State Border, the State Customs Committee, and the Ministry of Transport shall designate and specify prior to 20 October 1993 the procedure for drawing up the formalities and exercising monitoring controls on flight safety.

2. It shall be established that:

aviation enterprises, firms, and companies which carry out air-transport hauls on business-class aircraft shall also have the right—in case of necessity and with the payment of an appropriate fee—to use, within the established procedure, and for the purpose of servicing passengers, the halls of officials delegations at airports situated on the territory of this country;

during the period of 1993-1994 the customs formalities for business-class aircraft at the time when they are being used exclusively for passenger air-transport hauls shall be conducted without the collection of customs duties.

It shall be made known that the arrangement and maintenance of places and transport provisions for drawing up the formalities and exercising monitoring controls on flight safety, as well as the approach roads on the territories of airports up to the passenger-service sectors and the layover and parking facilities for these aircraft shall be charged to the accounts of those enterprises, firms, and companies which perform such hauls, using business-class aircraft.

3. The following categories shall be exempted from paying customs duties when crossing the Ukrainian customs border: transport provisions, special equipment, building components and materials, communications equipment and engineering-control items which are being imported in order to be used in the process of organizing air-transport hauls using business-class aircraft in accordance with the list to be designated and specified by the Ministry of Transport.

[Signed] Yu. Zvyahilskyy, acting prime minister of Ukraine

I. Dotsenko, minister of the Ukrainian Cabinet of Ministers



**Budget Criticized as Unrealistic**

944K0307A Kiev NEZAVISIMOST in Russian  
17 Nov 93 p 4

[Article by Yanina Sokolovskaya: "They Are Working on the Budget"]

*[Text] Can a parliament rape a country? It can if the country involved is naked. This thesis was born in the journalists' gallery during the discussion by the Supreme Council of three documents which are supposed to revive the Ukrainian economy after veiling this nakedness. They comprise the drafts of the plan for the economic and social development of this country for 1994, the Ukrainian state budget, and the conception of urgent measures for overcoming hyperinflation.*

Despite the day-to-day worsening of the Ukrainian situation, the newly proposed plan and budget are practically unchanged copies of their predecessors.

As stated by Roman Shepek, the minister of the economy, the plan from the outset assumed that Ukraine would obtain 28 million tonnes of oil, 85 billion cubic meters of gas, and 13.5 million tonnes of coal (provided that our domestic production were to increase by 10.5 million tonnes). Proceeding on this assumption, the authors of the plan intended to avert the predicted 10-percent decline in production and to overcome the crisis in the economy during 1994.

But, in the economists' considered opinion, Ukraine will not be able to buy such a quantity of energy sources. And the propitious figures cited in its plan and budget will turn out to be merely illusions. This is particularly the case if we take into account that the documents contain a 10-fold variant reading between the budgetary expenditures and the actual ones. And so—according to the most conservative estimates—by the end of the year this difference will be increased to a factor of 40-50. After that, the budget will become meaningless, just as it has in 1993.

Moreover, the same behavior must also be anticipated proceeding from the substantial budget deficit—29.5 trillion krb. [karbovantsy]—as embodied in the plan. The sources for covering it have not been specified. In this connection, the largest breach in the budget is being made by energy sources. It is no surprise that the top-priority role for 1994 is certainly being assigned to energy conservation. As announced by the Ukrainian minister of the economy, the consumption of energy resources during the coming year will be cut back by 5 percent. And the calculated plan for importing them will be handled on a 50-50 basis: Half of the deliveries will be paid for by the state, and the other half—by the consuming enterprises themselves.

The revenue portion of the budget also seems to be quite strangely cut. As it turns out, the principal budget revenues (more than 40,000 billion krb.) are supposed to come in from fees charged for the transit of oil, gas, and ammonia through Ukrainian territory. As the experts in these matters have informed us—without going into details—this is capable of causing an international scandal. Only time will

tell whether this is true or not. But what is already understandable now is that the plan and the budget cannot work in the absence of the third document—the foundations of the country's monetary-credit policy. Meanwhile, however, it has not been submitted for consideration and judgement by the parliament. "We have been kept in the dark. We are wasting our time in discussing such papers. Nothing will be changed by our adopting the plan and the budget in their present form." Such remarks were made by many deputies in the lobbies.

Nor does the conception of urgent measures for overcoming hyperinflation, which was submitted for their consideration and judgement, seem any less eclectic. It attempts to combine a liberalization of trade with the best traditions of state administrative regulation. In its very first lines the reader is frightened by the threat of a certain, hitherto unknown superhyperinflation, "wherein the rate of price increases exceeds 50 percent a month, and the state practically loses control over the economy." And the following methods of salvation are proposed: The president should be granted temporary, extraordinary powers in the economic sphere, the circulation of foreign currency in Ukraine should be prohibited, a new, national monetary unit should be introduced, a state treasury should be created with the functions of the Ministry of Finance and the NBU [National Bank of Ukraine], and a credit "ceiling" should be established for banks. We should also grant the functions of the state regulation of credit resources to the Agroprombank, Prominvestbank, Ukrsofsbank, and Eksimbank. In the opinion of informed circles, this could become a step toward the nationalization of these financial institutions.

And the introduction of the hrynya—as the conception provides for 1994—is hardly capable of rescuing us from the present situation. It would, most likely, be drowned in the next inflationary spiral, provoked by state interference in the economy.

But the "top echelons"—while devising newer and newer methods to combat the decline of the Ukrainian karbovanets—still stubbornly refuse to address the causes of this decline—the deficit budget, which evokes the issuance of even more karbovantsy, which—in turn—further aggravates the problem because of cheaper credits.

However, we should not be surprised at this; the matters discussed and passed in our parliament do not reach such a depth. In December, when wages and salaries will next be raised, and there will be an upsurge in prices, the following consequences of such legislation will come about: a blocking of exports and imports, an increase in the budget deficit and shady practices in redistribution, a sharp decline in production, social shocks and other troubles, about which NEZAVISIMOST has already spoken in the item entitled "A Requiem for Ukraine."

By the way, as V. Pynzenyk has reported, an Edict is being prepared on the mandatory 100-percent sale of hard currency by enterprises at a fixed rate of exchange. The amount of the latter (probably slightly more than 12,000) is now being computed. It will be interesting to see how our economy can be reborn after such a legislative rape....



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